An Inquiry Into the Nature and Causes of the Wealth of Nations

BY ADAM SMITH

William Benton Publisher

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BIOGRAPHICAL NOTE

ADAM SMITH 1723 – 1790

ADAM SMITH was born on or shortly before June 5, 1723 in the small town of Kirkcaldy, ten miles from Edinburgh on the Firth of Forth His father who had been comptroller of the customs died five months before the child s birth and his mother devoted most of the remaining sixty-one years of her life to caring for her son His childhood was uneventful except for one incident In 1726 while visiting his mother s family he was kidnapped by gypsies the prompt action of his uncle soon effected his rescue

After finishing his term at the Kirkcaldy grammar school Smith at the age of fourteen entered the University of Glasgow Although his favorite studies were mathematics and natural philosophy he came strongly under the influence of Francis Hutcheson who as professor of moral philosophy taught a benevolent theory of morals which had as its end the greatest happiness for the greatest number It was probably the result of Hutcheson s teaching that Smith on going to Balliol College Oxford in 1740 devoted much of his study to moral philosophy He remained at Oxford for six years without once returning home and though he found much of which he did not approve he used the occasion to read extensively in the classics French and Italian literature as well as in morals and politics

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After a two-year stay with his mother at Kirkcaldy where he continued his studies Smith went to Edinburgh There under the patronage of Lord Kames and the Philosophical Society, he gave a series of public lectures on rhetoric and belles lettres In 1751 he was called to the University of Glasgow first as Professor of Logic and after a few months as Professor of Moral Philosophy This position he occupied for twelve years and he later declared it was by far the most useful and there-

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year in Paris Smith, who was a minor celebrity in his own right, frequented the most fashionable salons and associated with Turgot, D'Alembert, Helvetius, Marmontel, and Rochefoucauld. He also enjoyed close relations with the proponents of *laissez-faire* among the Physiocrats, notably Quesnay and Dupont de Nemours. In 1766 the assassination on the streets of Paris of the Duke's younger brother, also in Smith's charge, brought to a close his continental sojourn.

For the next seven years Smith lived with his mother at Kirkcaldy, engaged in close study most of the time, interrupted only by occasional visits to Edinburgh and London. He was occupied with his *Inquiry into the Nature and Causes of the Wealth of Nations*, which there is some reason for believing he had begun at Toulouse. In 1773 he took his manuscript to London. In ill health and unsure of his future, he named Hume his executor with instructions to publish in event of his death his "juvenile" essay *A History of Astronomical Systems, That Were In Fashion Down to the Time of Descartes*; this was apparently part of his earlier project of a "connected history of liberal sciences and elegant arts." For the next five years he spent almost all his time in London and lived on terms of intimacy with many of the leading figures of the day including Gibbon, Burke and Reynolds. His close knowledge of colonial affairs is said to reflect his frequent conversations with Benjamin Franklin, and Smith himself proposed a plan of imperial federation designed to satisfy the grievances of the colonies. In 1776 the *Wealth of Nations* was published. Hume, in a congratulatory letter, declared, "*Euge! belle!* dear Mr Smith, I am much pleased with your performance." Within six months the first edition was exhausted, and during Smith's life-time the book went through five editions. Pitt is reported as saying, "We are all your scholars," when the author entered a room in which Pitt was seated with his fellow cabinet members, and the work seems to have had considerable influence on the budget drawn up by Lord North in 1777 and 1778.

The only other work published by Smith, except for revisions of his two earlier books, was his letter on the death of Hume in 1776. Because of its unqualified praise of Hume's moral qualities, the letter aroused a storm of controversy throughout the British Isles, and Boswell among others denounced it as a piece of "daring effrontery." In 1778 Smith was named a commissioner of the customs of Scotland, and for the remainder of his life he dwelt with his mother and a cousin in Edinburgh. He enjoyed an eminent place in society, his "Sunday suppers" were long celebrated, and with Joseph Black, James Hutton, Adam Ferguson, and Dugald Stewart he formed one of the leading clubs of the city.

After the death of his mother in 1784, Smith's health began to decline. In preparation for his death he ordered the destruction of his manuscripts, except for a few selected essays. Among the papers so destroyed were probably the lectures on natural religion and jurisprudence which formed part of his course at Glasgow, and also his lectures on rhetoric; a copy of student notes has since been discovered on the course on jurisprudence, *Lectures on Justice, Police Revenue and Arms*, which he gave sometime between 1762 and 1764. After a painful illness Smith died, July 17, 1790, and was buried at Canongate.

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BOOK FOUR

BOOK FIVE

An Inquiry Into the Nature and Causes of the Wealth of Nations

INTRODUCTION AND PLAN OF THE WORK

THE annual labour of every nation is the

labour, or in what is purchased with that pro-

But this proportion must in every nation be

particular nation, the abundance or scantiness of its annual supply must, in that particular

thriving nations, on the contrary, though a great number of people do not labour at all, many of whom consume the produce of ten times, frequently of a hundred times more labour than the greater part of those who work; yet the produce of the whole labour

Whatever be the actual state of the skill,

setting them to work, and to the particular way in which it is so employed The second book,

nations has given extraordinary encouragement to the industry of the country that of others to the industry of towns Scarce any nation has dealt equally and impartially with every sort of industry Since the downfall of the Roman empire the policy of Europe has been more favourable to arts manufactures and commerce the industry of towns than to agriculture the industry of the country The circumstances which *seem* to [illegible] and establ[illegible]

[illegible] of men without [illegible] or foresight of their consequences upon the general welfare of the society yet they have given occasion to very different theories of political economy of which some magnify the importance of that industry which is carried on in towns others of that which is carried on in the country Those theories have had a considerable influence not only upon the opinions of men of learning but upon the public conduct of princes and sovereign states I have endeavoured in the fourth book to explain as fully and distinctly as I can those different theories and the principal effects which they have produced in different ages and nations

To explain in what has consisted the revenue of the great body of the people or what has been the nature of those funds which in different ages and nations have supplied their annual consumption is the object of these four first books The fifth and last book treats of the revenue of the sovereign or commonwealth In this book I have endeavoured to show first what are the necessary expenses of the sovereign or commonwealth which of those expenses ought to be defrayed by the general contribution of the whole society and which of them by that of some particular part only or of some particular members of it secondly what are the different methods in which the whole society may be made to contribute towards defraying the expenses incumbent on the whole society and what are the principal advantages and inconveniences of each of those methods and thirdly and lastly what are the reasons and causes which have induced almost all modern governments to mortgage some part of this revenue or to contract debts and what have been the effects of those debts upon the real wealth the annual produce of the land and labour of the society

Book One

OF THE CAUSES OF IMPROVEMENT IN THE PRODUCTIVE POWERS OF LABOUR, AND OF THE ORDER ACCORDING TO WHICH ITS PRODUCE IS NATURALLY DISTRIBUTED AMONG THE DIFFERENT RANKS OF THE PEOPLE

CHAPTER I

Of the Division of Labour

THE greatest improvement in the productive powers of labour, and the greater part of the skill, dexterity, and judgment with which it is anywhere directed, or applied, seem to have been the effects of the division of labour.

The effects of the division of labour, in the general business of society, will be more easily understood by considering in what manner it operates in some particular manufactures. It is commonly supposed to be carried furthest in some very trifling ones; not perhaps that it really is carried further in them than in others of more importance: but in those trifling manufactures which are destined to supply the small wants of but a small number of people, the whole number of workmen must necessarily be small; and those employed in every different branch of the work can often be collected into the same workhouse, and placed at once under the view of the spectator. In those great manufactures, on the contrary, which are destined to supply the great wants of the great body of the people, every different branch of the work employs so great a number of workmen, that it is impossible to collect them all into the same workhouse. We can seldom see more, at one time, than those employed in one single branch. Though in such manufactures, therefore, the work may really be divided into a much greater number of parts, than in those of a more trifling nature, the division is not near so obvious, and has accordingly been much less observed.

To take an example, therefore, from a very trifling manufacture; but one in which the division of labour has been very often taken notice of, the trade of the pin-maker; a workman not educated to this business (which the division of labour has rendered a distinct trade), nor acquainted with the use of the machinery employed in it (to the invention of which the same division of labour has probably given occasion), could scarce, perhaps, with his utmost industry, make one pin in a day, and certainly could not make twenty. But in the way in which this business is now carried on, not only the whole work is a peculiar trade, but it is divided into a number of branches, of which the greater part are likewise peculiar trades. One man draws out the wire, another straights it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head; to make the head requires two or three distinct operations; to put it on, is a peculiar business, to whiten the pins is another; it is even a trade by itself to put them into the paper; and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which, in some manufactories, are all performed by distinct hands, though in others the same man will sometimes perform two or three of them. I have seen a small manufactory of this kind where ten men only were employed, and where some of them consequently performed two or three distinct operations. But though they were very poor, and therefore but indifferently accommodated with the necessary machinery, they could, when they exerted themselves, make among them about twelve pounds of pins in a day. There are in a pound upwards of four thousand pins of a middling size. Those ten persons, therefore, could make among them upwards of forty-eight thousand pins in a day. Each person, therefore, making a tenth part of forty-eight thousand pins, might be considered as making four thousand eight hundred pins in a day. But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, they certainly could not each of them have made twenty, perhaps not one pin in a day; that is, certainly, not the two hundred and fortieth, perhaps not the four thousand eight hundredth part of what they are at present capable of performing, in consequence of a proper division and combination of their different operations.

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in many of them the labour can neither be so much subdivided nor reduced to so great a simplicity of operation The division of labour, however so far as it can be introduced occasions in every art a proportionable increase of the productive powers of labour The separation of different trades and employments from one another seems to have taken place in consequence of this advantage This separation too is generally carried furthest in those countries which enjoy the highest degree of industry and improvement what is the work of one man in a rude state of society being generally that of several in an improved one In every improved society the farmer is generally nothing but a farmer the manufacturer nothing but a manufacturer The labour too which is necessary to produce any one complete manufacture is almost always divided among a great number of hands How many different trades are employed in each branch of the linen and woollen manufactures from the growers of the flax and the wool to the bleachers and smoothers of the linen or to the dyers and dressers of the cloth! The nature of agriculture indeed does not admit of so many subdivisions of labour nor of so complete a separation of one business from another as manufactures It is impossible to separate so entirely the business of the grazier from that of the corn farmer as the trade of the carpenter is commonly separated from that of the smith The spinner is almost always a distinct person from the weaver but the ploughman the harrower the sower of the seed and the reaper of the corn are often the same The occasions for those different sorts of labour returning with the different seasons of the year it is impossible that one man should be constantly employed in any one of them This impossibility of making so complete and entire a separation of all the different branches of labour employed in agriculture is perhaps the reason why the improvement of the productive powers of labour in this art does not always keep pace with their improvement in manufactures The most opulent nations indeed generally excel all their neighbours in agriculture as well as in manufactures but they are commonly more distinguished by their superiority in the latter than in the former Their lands are in general better cultivated and having more labour and expense bestowed upon them produce more in proportion to the extent and natural fertility of the ground But this superiority of produce is seldom much more than in proportion to the superiority of labour and expense In agriculture the labour of the rich country is not always much more productive than that of the poor or at least it is never so much more productive as it commonly is in manufactures. The corn of the rich country, therefore, will not always in the same degree of goodness come cheaper to market than that of the poor The corn of Poland in the same degree of goodness is as cheap as that of France notwithstanding the superior opulence and improvement of the latter country The corn of France is, in the corn provinces fully as good and in most years nearly about the same price with the corn of England though in opulence and improvement France is perhaps inferior to England The corn lands of England however are better cultivated than those of France and the corn lands of France are said to be much better cultivated than those of Poland But though the poor country notwithstanding the inferiority of its cultivation can in some measure rival the rich in the cheapness and goodness of its corn it can pretend to no such competition in its manufactures at least if those manufactures suit the soil climate and situation of the rich country The silks of France are better and cheaper than those of England because the silk manufacture at least under the present high duties upon the importation of raw silk does not so well suit the climate of England as that of France But the hardware and the coarse woollens of England are beyond all comparison superior to those of France and much cheaper too in the same degree of goodness In Poland there are said to be scarce any manufactures of any kind a few of those coarser household manufactures excepted without which no country can well subsist

This great increase of the quantity of work which in consequence of the division of labour the same number of people are capable of performing is owing to three different circumstances first to the increase of dexterity in every particular workman secondly to the saving of the time which is commonly lost in passing from one species of work to another and lastly to the invention of a great number of machines which facilitate and abridge labour and enable one man to do the work of many

First the improvement of the dexterity of the workman necessarily increases the quantity of the work he can perform and the division of labour by reducing every man's business to some one simple operation and by making this operation the sole employment of his life necessarily increases very much the dexterity of the workman A common smith who though accustomed to handle the hammer has never been used to make nails if upon some particular occasion he is obliged to attempt it will scarce I am assured be able to make above two or three hundred nails in a day and those too very bad ones A smith who has been accustomed to make nails but whose sole or principal business has not been that of a nailer can seldom with his utmost diligence make more than eight hundred or a thousand nails in a day

I have seen several boys under twenty years of age who had never exercised any other trade but that of making nails and who, when they exerted themselves, could make, each of them,

operations of those manufacturers are performed, exceeds what the human hand could, by those who had never seen them, be supposed capable of acquiring

must lose a good deal of time in passing from his loom to the field, and from the field to his

ever, very considerable A man commonly saunters a little in turning his hand from one sort of employment to another When he first begins the new work he is seldom very keen

are much more likely to discover easier and

whole of every man's attention comes naturally to be directed towards some one very simple object It is naturally to be expected, therefore, that some one or other of those who are employed in each particular branch of labour should soon find out easier and readier methods

most subdivided, were originally the inventions of common workmen, who, being each of them employed in some very simple operation, naturally turned their thoughts towards finding out easier and readier methods of performing it Whoever has been much accustomed to visit such manufactures must frequently have been shown very pretty machines, which were the inventions of such workmen in order to facilitate and quicken their own particular part of the work In the first fire-engines a boy was

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upon the quantity of science is considerably increased by it

It is the great multiplication of the productions of all the different arts, in consequence of the division of labour, which occasions, in a well governed society, that universal opulence which extends itself to the lowest ranks of the people Every workman has a great quantity of his own work to dispose of beyond what he himself has occasion for and every other workman being exactly in the same situation, he is enabled to exchange a great quantity of his own goods for a great quantity, or, what comes to the same thing, for the price of a great quantity of theirs He supplies them abundantly with what they have occasion for, and they accommodate him as amply with what he has occasion for, and a general plenty diffuses itself through all the different ranks of the society

Observe the accommodation of the most common artificer or day-labourer in a civilised and thriving country and you will perceive that the number of people of whose industry a part, though but a small part, has been employed in procuring him this accommodation, exceeds all computation The woollen coat, for example, which covers the day labourer, as coarse and rough as it may appear is the produce of the joint labour of a great multitude of workmen The shepherd the sorter of the wool the wool comber or carder, the dyer the scribbler, the spinner, the weaver the fuller the dresser with many others must all join their different arts in order to complete even this homely production How many merchants and carriers besides, must have been employed in transporting the materials from some of those workmen to others who often live in a very distant part of the country! How much commerce and navigation in particular how many ship-builders sailors sail makers rope makers, must have been employed in order to bring together the different drugs made use of by the dyer, which often come from th ners of the

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meanes ...ning of such co... machines as the ship of the sailor, the mill of the fuller or even the loom of the weaver, let us consider only what a variety of labour is requisite in order to form that very simple machine, the shears with which the shepherd clips the wool The miner the builder of the furnace for smelting the ore the seller of the timber, the burner of the charcoal to be made use of in the smelting house, the brick maker, the brick layer the workmen who attend the furnace, the mill wright, the forger, the smith, must all of them join their different arts in order to produce them Were we to examine, in the same manner, all the different parts of his dress and h... coarse l... the shoe... he lies on ...ent parts which compose it, the kitchen-grate at which he prepares his victuals, the coals which he makes use of for that purpose, dug from the bowels of the earth, and brought to him perhaps by a long sea and a long land ca...

...pewter ...serves up and divides his victuals, the different hands employed in preparing his bread and his beer, the glass window which lets in the heat and the light, and keeps out the wind and the rain, with all the knowledge and art requisite for preparing that beautiful and happy invention, without which these northern parts of the world could scarce have afforded a very comfortable habitation, together with the tools of all the men ...

...on we shall be sensible th... without the assistance and co-operation of many thousands, the very meanest person in a civilised country could not be provided, even according to what we very falsely imagine the easy and simple manner in which he is commonly accommodated Compared indeed, with the more extravagant luxury of the great, his accommodation must no doubt appear extremely simple and easy, and yet it may be true, perhaps that the accommodation of a European prince does not always so much exceed that of an industrious and frugal peasant as the accommodation of the latter exceeds that of many an African king, the absolute master of the lives and liberties of ten thousand naked savages

CHAPTER II

Of the Principle which gives occasion to the Division of Labour

This division of labour, from which so many advantages are derived is not originally the effect of any human wisdom, which foresees and intends that general opulence to which it gives occasion It is the necessary, though very slow and gradual consequence of a certain propensity in human nature which has in view no such extensive utility, the propensity to truck, barter and exchange one thing for another

Whether this propensity be one of those original principles in human nature of which no further account can be given, or whether, as seems more probable it be the necessary consequence of the faculties of reason and speech,

his companion, or endeavours to intercept her

Nobody ever saw a dog make a fair and delib erate exchange of one bone for another with another dog Nobody ever saw one animal by

something either of a man or of another animal, it has no other means of persuasion but to gain the favour of those whose service it requires

you want, is the meaning of every such offer, and it is in this manner that we obtain from *one another the far greater part of those good* offices which we stand in need of It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner but from their regard to their own interest We address ourselves, not to their humanity but to their self love, and never talk to them of our own necessities but of their advantages Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow-citizens Even a beggar does not depend upon it entirely The charity of well disposed people, indeed, supplies

labour as he may have occasion for, encourages every man to apply himself to a particular occupation, and to cultivate and bring to perfec-

into the world and for the first six or eight years of their existence they were perhaps very much alike and neither their parents nor playfellows could perceive any remarkable difference About that age or soon after they come to be employed in very different occupations The difference of talents comes then to be taken notice of and widens by degrees till at last the *vanity of the philosopher is willing to* acknowledge scarce any resemblance But without the disposition to truck barter, and exchange every man must have procured to himself every necessary and conveniency of *life which he wanted All must have had the* same duties to perform and the same work to do and there could have been no such difference of employment as could alone give occasion to any great difference of talents

As it is this disposition which forms that difference of talents so remarkable among men of different professions so it is this same disposition which renders that difference useful Many tribes of animals acknowledged to be all of the same species derive from nature a much more remarkable distinction of genius than what antecedent to custom and education appears to take place among men By nature a philosopher is not in genius and disposition half so different from a street porter as a mastiff is from a greyhound or a greyhound from a spaniel or this last from a shepherd s dog Those different tribes of animals however though all of the same species are of scarce any use to one another The strength of the mastiff is not in the least supported either by the swiftness of the greyhound or by the sagacity of the spaniel, or by the docility of the shepherd s dog The effects of those different geniuses and talents for want of the power or disposition to barter and exchange cannot be brought into a common stock and do not in the least contribute to the better accommodation and conveniency of the species Each animal is still obliged to support and defend itself separately and independently and derives no sort of advantage from that variety of talents with which nature has distinguished its fellows Among men on the contrary the most dissimilar geniuses are of use to one another the different produces of their respective talents by the general disposition to truck barter and exchange being brought as it were into a common stock where every man may purchase whatever part of the produce of other men s talents he has *occasion for*

CHAPTER III

That the Division of Labour is limited by the Extent of the Market

As it is the power of exchanging that gives occasion to the division of labour so the extent of this division must always be limited by the extent of that power or in other words by the extent of the market When the market is very small no person can have any encouragement to dedicate himself entirely to one employment, for want of the power to exchange all that surplus part of the produce of his own labour, which is over and above his own consumption, for such parts of the produce of other men s labour as he has occasion for

There are some sorts of industry, even of the lowest kind which can be carried on nowhere but in a great town A porter, for example can *find employment and subsistence in no other* place A village is by much too narrow a sphere for him even an ordinary market town is scarce large enough to afford him constant occupation In the lone houses and very small villages which are scattered about in so desert a country as the Highlands of Scotland every farmer must be butcher baker and brewer for his own family In such situations we can scarce expect to find even a smith a carpenter, or a mason within less than twenty miles of another of the same trade The scattered families that live at eight or ten miles distance from the nearest of them must learn to perform themselves a great number of little pieces of work, for which, in more populous countries, they would call in the assistance of those workmen Country workmen are almost everywhere obliged to apply themselves to all the different branches of industry that have so much affinity to one another as to be employed about the same sort of materials A country carpenter deals in every sort of work that is made of wood a country smith in every sort of work that is made of iron The former is not only a carpenter but a joiner a cabinet maker and even a carver in wood as well as a wheelwright a ploughwright a cart and waggon maker The employments of the latter are still more various It is impossible there should be such a trade as even that of a nailer in the remote and inland parts of the Highlands of Scotland Such a workman at the rate of a thousand nails a day and three hundred working days in the year will make three hundred thousand nails in the year But in such a situation it would be impossible to dispose of one thousand that is, of one day s work in the year

As by means of water carriage a more extensive market is opened to every sort of industry than what land carriage alone can afford it *so it is upon the sea-coast and along the banks* of navigable rivers that industry of every kind naturally begins to subdivide and improve itself and it is frequently not till a long time after that those improvements extend themselves to the inland parts of the country A broad wheeled waggon, attended by two men, and drawn by eight horses in about six weeks

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to the riches and populousness of that country and con equently their improvement must

to any cons derable distance from both

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waggons attended by a hundred men and drawn by four hundred horses Upon two hun dred tons of goods therefore carr ed by the cheapest land-carr age from London to Ed n burgh there must be charged the maintenance of a hundred men for three weeks and both the maintenance and what is nearly equal to the ma ntenance the wear and tear of four hun dred horses as well as of fifty great waggons Whereas upon the same quantity of goods

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tween London and Calcutta? Or f there were any so precious as to be able to support th s expense with what safety could they be trans

comn un cat on by water-carr age not only be tween all the great towns but between all the

market give a good deal of encouragement to each other s industry

Egypt

Ganges and several other great r ers form a great number of navigable canals in the same manner as the Nile does in Egypt In the East

ern provinces of China too several great rivers form by their different branches a multitude of canals and by communicating with one another afford an inland navigation much more extensive than that either of the Nile or the Ganges or perhaps than both of them put together It is remarkable that neither the ancient Egyptians nor the Indians nor the Chinese encouraged *foreign* commerce but seem all to have derived their great opulence from this inland navigation

All the inland parts of Africa and all that part of Asia which lies any considerable way north of the Euxine and Caspian seas the ancient Scythia the modern Tartary and Siberia seem in all ages of the world to have been in the same barbarous and uncivilised state in which we find them at present The Sea of Tartary is the frozen ocean which admits of no navigation and though some of the greatest rivers in the world run through that country they are at too great a distance from one another to carry commerce and communication through the greater part of it There are in Africa none of those great inlets such as the Baltic and Adriatic seas in Europe the Mediterranean and Euxine seas in both Europe and Asia and the gulfs of Arabia Persia India Bengal and Siam in Asia to carry maritime commerce into the interior parts of that great continent and the great rivers of Africa are at too great a distance from one another to give occasion to any considerable inland navigation The commerce besides which any nation can carry on by means of a river which does not break itself into any great number of branches or canals and which runs into another territory before it reaches the sea can never be very considerable because it is always in the power of the nations who possess that other territory to obstruct the communication between the upper country and the sea The navigation of the Danube is of very little use to the different states of Bavaria Austria and Hungary in comparison of what it would be if any of them possessed the whole of its course till it *falls* into the Black Sea

CHAPTER IV

Of the Origin and Use of Money

When the division of labour has been once thoroughly established it is but a very small part of a man s wants which the produce of his own labour can supply He supplies the far greater part of them by exchanging that surplus part of the produce of his own labour which is over and above his own consumption for such parts of the produce of other men s labour as he has occasion for Every man thus lives by exchanging or becomes in some measure a merchant and the society itself grows to be what is properly a commercial society

But when the division of labour first began to take place *this* power of exchanging must frequently have been very much clogged and embarrassed in its operations One man we shall suppose has more of a certain *commodity* than he himself has occasion for while another has less The former consequently would be glad to dispose of and the latter to purchase a part of this *superfluity* But if this latter should chance to have nothing that the former stands in need of no exchange can be made between them The butcher has *more* meat in his shop than he *himself* can consume and the brewer and the baker would each of them be willing to purchase a part of it But they have nothing to offer in exchange except the different productions of their respective trades and the butcher is already provided with all the bread and beer which he has immediate occasion for No exchange can in this case be made between them He cannot be their merchant *nor they* his customers and they are all of them thus mutually less serviceable to one another In order to avoid the inconveniency of such situations every prudent man in every period of society after the first establishment of the division of labour must naturally have endeavoured to manage his affairs in such a manner as to have at all times by him besides the peculiar produce of his own industry a certain quantity of some one commodity or *other such* as he imagined few people would be likely to refuse in exchange for the produce of their industry

Many different commodities it is probable were successively both thought of and employed for this purpose In the rude ages of society cattle are said to have been the common instrument of *commerce* and though they must have been a most inconvenient one yet in old times we find things were frequently valued according to the number of cattle which had been given in exchange for them The armour of Diomede *says* Homer cost only nine oxen but that of Glaucus cost an hundred oxen Salt is said to be the common instrument of commerce and exchanges in Abyssinia a *species* of shells in some parts of the coast of India *dried* cod at Newfoundland tobacco in Virginia sugar in some of our West India colonies hides or dressed leather in *some* other countries and there is at this day a village in Scotland where it is not uncommon I am told for a workman to carry nails instead of *money* to the baker s shop or the alehouse

In all countries however men seem at last to have been determined by irresistible reasons to give the preference for this employment to metals above every other commodity Metals *can not* only be kept with as little loss as any other commodity scarce anything being less perishable than they are but they can like-

[illegible] be divided into any [illegible] can [illegible] o other equally durab[illegible] id which more than any other quality [illegible] rs them fit to be the instruments of commerce and circulation The man who wanted to buy salt for example and had nothing but cattle to give in exchange for it, must have been obliged to buy salt to the value of a whole ox or a whole sheep at a time He could seldom buy less than this because what he was to give for it could seldom be divided without loss and if he had a mind to buy more he must for the same reasons have been obliged to buy double or triple the quantity the value to wit of two or three oxen or of two or three sheep If on the contrary instead of sheep or oxen he had metals to give in exchange for it he could easily proportion the quantity of the metal to the precise quantity of the commodity which he had immediate occasion for

Different metals have been made use of by different nations for this purpose Iron was the common instrument of commerce among the ancient Spartans copper among the ancient Romans and gold and silver among all rich and commercial nations

Those metals seem originally to have been made use of for this purpose in rude bars without any stamp or coinage Thus we are told by Pliny [1] upon the authority of Timæus an ancient historian that till the time of Servius Tullius the Romans had no coined money but made use of unstamped bars of copper to purchase whatever they had occasion for These rude bars therefore performed at this time the function of money

The use of metals in this rude state was attended with two very considerable inconveniencies first with the trouble of weighing and secondly with that of assaying them In the precious metals where a small difference in the quantity makes a great difference in the value even the business of weighing with proper exactness, requires at least very accurate weights and scales The weighing of gold in particular is an operation of some nicety In the coarser metals indeed where a small error would be of little consequence less accuracy would no doubt, be necessary Yet we should find it excessively troublesome if every time a poor man had occasion either to buy or sell a farthing s worth of goods he was obliged to weigh the farthing The operation of assaying is still more difficult still more tedious and unless a part of the metal is fairly melted in the crucible with proper dissolvents any conclusion that can be drawn from it is extremely uncertain Before the institution of coined money however unless they went through this tedious and difficult operation people must always have been liable to the grossest frauds and impositions and instead of a pound weight of pure silver or pure copper might receive in exchange for their goods an adulterated composition of the coarsest and cheapest materials which had however in their outward appearance been made to resemble those metals To prevent such abuses to facilitate exchanges and thereby to encourage all sorts of industry and commerce it has been found necessary in all countries that have made any considerable advances towards improvement to affix a public stamp upon certain quantities of such particular metals as were in those countries com[illegible] [illegible]rchase goods Hence [illegible]

san[illegible] [illegible]
stamp-masters of woolen an[illegible] [illegible] them are equally meant to ascertain by means of a public stamp the quantity and uniform goodness of those different commodities when brought to market

The first public stamps of this kind that were affixed to the current metals seem in many cases to have been intended to ascertain what it was both most difficult and most important to ascertain the goodness or fineness of the metal and to have resembled the sterling mark which is at present affixed to plate and bars of silver or the Spanish mark which is sometimes affixed to ingots of gold and which being struck only upon one side of the piece and not covering the whole surface ascertains the fineness but not the weight of the metal Abraham weighs to Ephron the four hundred shekels of silver which he had agreed to pay for the field of Machpelah They are said however to be the current money of the merchant and yet are received by weight and not by tale in the same manner as ingots of gold and bars of silver are at present The revenues of the ancient Saxon kings of England are said to have been paid not in money but in kind that is in victuals and provisions of all sorts William the Conqueror introduced the custom of paying them in money This money however was for a long time received at the exchequer by weight and not by tale

The inconveniency and difficulty of weighing those metals with exactness gave occasion to the institution of coins of which the stamp covering entirely both sides of the piece and sometimes the edges too was supposed to ascertain not only the fineness but the weight of the metal Such coins, therefore were received by tale as at present without the trouble of weighing

The denominations of those coins seem originally to have expressed the weight or quantity of metal contained in them In the time

[1] *Pliny Historia natural s* xxxi 3

Servius Tullius, who first coined money at

ounce of good copper The English pound sterling in the time of Edward I contained a pound Tower weight, of silver, of a known

twelve shillings the quarter says an ancient statute of Henry III *then wastel bread of a farthing shall weigh eleven shillings and four pence* The proportion however between the shilling and either the penny on the one hand or the pound on the other seems not to have been so constant and uniform as that between

of each has been very different For in every country of the world I believe the avarice and

The English pound and penny contain at present about a third only, the Scots pound and penny about a thirty sixth and the French pound and penny about a sixty sixth part of

tions therefore have always proved favourable to the debtor, and ruinous to the creditor, and have sometimes produced a greater and more universal revolution in the fortunes of private persons than could have been occa-

goods of all kinds are bought and sold, or exchanged for one another

What are the rules which men naturally observe in exchanging them either for money or for one another, I shall now proceed to examine These rules determine what may be called the relative or exchangeable value of goods

The word value, it is to be observed has two different meanings and sometimes expresses the utility of some particular object and sometimes the power of purchasing other goods which the possession of that object conveys The one may be called value in use, the other "value in exchange" The things which

In order to investigate the principles which regulate the exchangeable value of commodities I shall endeavour to show

First what is the real measure of this ex

places appear unnecessarily tedious and his attention in order to understand what may

ject in its own nature extremely abstracted

CHAPTER V

Of the Real and Nominal Price of Commodities or their Price in Labour, and their Price in Money

command Labour, therefore is the real measure of the exchangeable value of all commodities

The real price of everything what every

purchased and its value to those who possess it, and who want to exchange it for some new productions is precisely equal to the quantity of labour which it can enable them to purchase or command

session of that fortune does not necessarily convey to him either The power which that possession immediately and directly conveys to

labour in an hour's hard work than in two hours' easy business or in an hour's application to a trade which it cost ten years' labour to learn than in a month's industry at an ordinary and obvious employment But it is not easy to find any accurate measure either of

altogether so natural and obvious

But when barter ceases and money has become the common instrument of commerce every particular commodity is more frequently exchanged for money than for any other commodity The butcher seldom carries his beef or his mutton to the baker, or the brewer in order to exchange them for bread or for beer but he

afterwards purchase It is more natural and ob-

or fourpence a pound than that it is worth three or four pounds of bread or three or four quarts of small beer Hence it comes to pass that the exchangeable value of every commodity is more frequently estimated by the quan

America reduced in the sixteenth century, the value of gold and silver in Europe to about a third of what it had been before As it costs less labour to bring those metals from the mine to the market so when they were brought thither they could purchase or command less labour and this revolution in their value though *perhaps the greatest is by no means the only* one of which history gives some account But as a measure of quantity such as the natural foot, fathom or handful which is continually

accurate measure of the value of other com

happiness The price which he pays must always be the same whatever may be the quantity of goods which he receives in return for it Of these, indeed it may sometimes purchase a

and that cheap which is to be had easily, or with very little labour Labour alone, therefore, never varying in its own value is alone the ultimate and real standard by which the value of all commodities can at all times and places be estimated and compared It is their real price, money is their nominal price only

But though equal quantities of labour are al

nominal price Its real price may be said to consist in the quantity of the necessaries and conveniences of life which are given for it its nominal price in the quantity of money The labourer is rich or poor, is well or ill rewarded, in proportion to the real, not to the nominal price of his labour

The distinction between the real and the nominal price of commodities and labour is not a matter of mere speculation but may sometimes be of considerable use in practice The

that they had any to augment it The quantity

I believe of all ... ntin ... iting ... ways

... a di ... Europe ... upposed ... I apprehend without ... proof

coined money of such a ... but in so ... of silver

... d in corn ... tter than ... ney even ... n has not ... eth it was ... llege ... paid ... rices ... ans ... but a ... es ac ... r dou ... thirds

The old money rents ... accord ing to this account have sunk almost to a fourth part of their ancient value or are worth little more than a fourth part of the corn which they were formerly worth But since the reign ... on of the

... legey has arisen altogether from the ...

... f silver ... quan ... me de ... reater ... of the ... rations ... France

... quantities of corn the sub... bourer than with equal quantities of gold and silver or perhaps of any other commodity Equal quantities of corn therefore will at dis-

... tant times be more nearly of the same real ... or ... of ... s I ... al ... ual

most a ... will not do it exactly The ...

... modity

Though the real value of a corn rent it is to be observed however varies much less from century to century than that of a money rent ... aries much more from year to year The ...

... h must be ...

... tuate ... lty shil ... he

price, not only the nominal, but the real value

bour, and along with it that of most other things, continuing the same during all these fluctuations

of it will more nearly command the same quantity of labour

human life

At the same time and place the real and the nominal price of all commodities are exactly in proportion to one another The more or less money you get for any commodity, in the London market for example, the more or less labour it will at that time and place enable you to purchase or command At the same time and place, therefore, money is the exact measure of the real exchangeable value of all commodities It is so, however, at the same time and place only

Though at distant places, there is no regular proportion between the real and the money price of commodities yet the merchant who carries goods from the one to the other has nothing to consider but their money price or the difference between the quantity of silver

an ounce of silver at Canton may there be

what he wants

As it is the nominal or money price of goods, therefore, which finally determines the prudence or imprudence of all purchases and sales, and thereby regulates almost the whole business of common life in which price is concerned, we cannot wonder that it should have been so

values of a particular commodity at different times and places or the different degrees of power over the labour of other people which it

degree of exactness Those of corn, though they have in few places been regularly recorded, are in general better known and have been more frequently taken notice of by historians and other writers We must generally, therefore, content ourselves with them, not as being al-

value, and copper, or some other coarse metal, for those of still smaller consideration They have always however, considered one of those metals as more peculiarly the measure of value

have done when they had no other money, they have generally continued to do so even when

the necessity was not the same

The as was always the denomination of a copper coin The word sestertius signifies two asses and a half. Though the sestertius, therefore, was originally a silver coin, its value was estimated in copper At Rome, one who owed a great deal of money was said to have a great deal of other people's copper

The northern nations who established themselves upon the ruins of the Roman empire, seem to have had silver money from the first beginning of their settlements, and not to have

press the amount of a person's fortune, we seldom mention the number of guineas, but the number of pounds sterling which we suppose would be given for it

Originally, in all countries, I believe, a legal

In process of time, and as people became gradually more familiar with the use of the different metals in coin, and consequently better acquainted with the proportion between their respective values, it has in most countries, I believe, been found convenient to ascertain this proportion, and to declare by a public law that

[1] Pliny, xxxiii, 3

a guinea, for example, of such a weight and

the standard, becomes little more than a nominal distinction.

value of gold If the custom of keeping ac

value

In reality during the continuance of any one regulated proportion between the respective

the regulation twelve such pence
to exchange for a shilling, they are

standard weight than the greater part of the

coin still continues in the same worn and degraded state as before the reformation of the gold coin In the market, however, one-and-twenty shillings of this degraded silver coin are still considered as worth a guinea of this excellent gold coin

The reformation of the gold coin has evidently raised the value of the silver coin which can be exchanged for it

standard gold bullion

Before the reformation of the gold coin the price of standard gold bullion in the market had for many years been upwards of £3 18s sometimes £3 19s and very frequently £4 an ounce, that sum, it is probable in the worn and degraded gold coin seldom containing more

gold coin, the market price was always more or less above the mint price Since that refor

In the English mint a pound weight of standard silver bullion is coined into sixty two shil-

Though the market price of silver bullion has fallen considerably since the reformation of the gold coin, it has not fallen so low as the mint price

In the proportion between the different metals in the English coin, as copper is rated very much above its real value, so silver is rated

for more silver than it is worth according to the common estimation of Europe But as the

silver

permission of exporting gold bullion and a like prohibition of exporting gold coin and yet the price of gold bullion has fallen below the mint price But in the English coin silver was then in the same manner as now underrated in proportion to gold and the gold coin (which at that time too was not supposed to require any reformation) regulated then as well as now, the real value of the whole coin As the reformation of the silver coin did not then reduce the price of silver bullion to the mint price it is not very probable that a like reformation will do so now

Were the silver coin brought back as near to its standard weight as the gold a guinea, it is probable would according to the present proportion exchange for more silver in coin than it would purchase in bullion The silver coin containing its full standard weight there would in this case be a profit in melting it down in order, first to sell the bullion for gold coin and afterwards to exchange this gold coin for silver coin to be melted down in the same manner Some alteration in the present proportion seems to be the only method of preventing this inconveniency

The inconveniency perhaps would be less if silver was rated in the coin as much above its proper proportion to gold as it is at present rated below it provided it was at the same time enacted that silver should not be a legal tender for more than the change of a guinea in the same manner as copper is not a legal tender for more than the change of a shilling No creditor could in this case be cheated in consequence of the high valuation of silver in coin as no creditor can at present be cheated in consequence of the high valuation of copper The bankers only would suffer by this regulation When a run comes upon them they sometimes endeavour to gain time by paying in sixpences and they would be precluded by this regulation from this discreditable method of evading immediate payment They would be obliged in consequence to keep at all times in their coffers a greater quantity of cash than at present and though this might no doubt be a considerable inconveniency to them it would at the same time be a considerable security to their creditors

Three pounds seventeen shillings and ten pence halfpenny (the mint price of gold) certainly does not contain even in our present excellent gold coin more than an ounce of standard gold and it may be thought therefore should not purchase more standard bullion But gold in coin is more convenient than gold in bullion and though in England the coinage is free yet the gold which is carried in bullion to the mint can seldom be returned in coin to the owner till after a delay of several weeks In the present hurry of the mint, it could not be returned till after a delay of several months This delay is equivalent to a small duty and renders gold in coin somewhat more valuable than an equal quantity of gold in bullion If in the English coin silver was rated according to it proper proportion to gold the price of silver bullion would probably fall below the mint price even without any reformation of the silver coin the value even of the present worn and defaced silver coin being regulated by the value of the excellent gold coin for which it can be changed

A small seignorage or duty upon the coinage of both gold and silver would probably increase still more the superiority of those metals in coin above an equal quantity of either of them in bullion The coinage would in this case increase the value of the metal coined in proportion to the extent of this small duty for the same reason that the fashion increases the value of plate in proportion to the price of that fashion The superiority of coin above bullion would prevent the melting down of the coin and would discourage its exportation If upon any public exigency it should become necessary to export the coin the greater part of it would soon return again of its own accord Abroad it could sell only for its weight in bullion At home it would buy more than that weight There would be a profit therefore in bringing it home again In France a seignorage of about eight per cent is imposed upon the coinage and the French coin when exported is said to return home again of its own accord

The occasional fluctuations in the market price of gold and silver bullion arise from the same causes as the like fluctuations in that of all other commodities The frequent loss of those metals from various accidents by sea and by land the continual waste of them in gilding and plating in lace and embroidery in the wear and tear of coin and in that of plate require in all countries which possess no mines of their own a continual importation in order to repair this loss and this waste The merchant importers like all other merchants we may believe endeavour as well as they can to suit their occasional importations to what they judge is likely to be the immediate demand With all their attention however they sometimes overdo the business and sometimes underdo it When they import more bullion than is wanted rather than incur the risk and trouble of exporting it again they are sometimes willing to sell a part of it for something less than the ordinary or average price When on the other hand they import less than is wanted they get something more than this price But when under all those occasional fluctuations the market price either of gold silver bullion continues for several
gether steadily and constantly either r-

less above, or more or less below the mint price, we may be assured that this steady and constant, either superiority or inferiority of price, is the effect of something in the state of the coin, which, at that time, renders a certain quantity of coin either of more value or of less value than the precise quantity of bullion which it ought to contain The constancy and steadiness of the effect supposes a proportionable constancy and steadiness in the cause

The money of any particular country is, at any particular time and place more or less an

ure of value comes to be liable to the same sort of uncertainty to which all other weights and measures are commonly exposed As it rarely happens that these are exactly agreeable to their standard the merchant adjusts the price of his goods as well as he can not to what

does contain

By the money price of goods it is to be observed I understand always the quantity of pure gold or silver for which they are sold

CHAPTER VI

Of the Component Parts of the Price of Commodities

hour's labour

may frequently exchange for that of two hours' labour in the other

Or if the one species of labour requires an uncommon degree of dexterity and ingenuity, the esteem which men have for such talents will

or producing any commodity is the only circumstance which can regulate the quantity of labour which it ought commonly to purchase, command or exchange for

As soon as stock has accumulated in the

by the sale of their work or by what their labour adds to the value of the materials In exchanging the complete manufacture either for money for labour, or for other goods over and above what may be sufficient to pay the price

one pays their wages the other the profits of their employer upon the whole stock of materials and wages which he advanced He could

employ a great stock rather than a small one, unless his profits were to bear some proportion to the extent of his stock

The profits of stock, it may perhaps be

us suppose, for example, that in some particular place, where the common annual profits of manufacturing stock are ten per cent, there are two different manufactures, in each of which twenty workmen are employed at the rate of fifteen pounds a year each, or at the expense of three hundred a year in each manufactory Let

one will expect a yearly profit of about one hundred pounds only, while that of the other will expect about seven hundred and thirty pounds But though their profits are so very

fore, the profits of stock constitute a component part altogether different from the wages of labour, and regulated by quite different principles

it is evident, must be due for the profits of the stock which advanced the wages and furnished the materials of that labour

As soon as the land of any country has all become private property, the landlords, like all other men, love to reap where they never sowed, and demand a rent even for its natural produce

component part

The real value of all the different component parts of price, it must be observed, is measured by the quantity of labour which they can, each of them, purchase or command Labour measures the value not only of that part of price which resolves itself into labour, but of that which resolves itself into rent, and of that which resolves itself into profit

In every society the price of every commodity finally resolves itself into some one or other, or all of those three parts and in every im-

profit

of his servants, and in the price of both, the labour of transporting the corn from the house [illegible] that of the miller, and from [illegible] together [illegible] of that labour

The price of flax resolves itself into the [illegible] three parts as that of corn In the price of linen we must add to this price the wages of the flax-dresser, of the spinner, of the weaver, of the bleacher, etc , together with the profits of their respective employers

As any particular commodity comes to be more manufactured, that part of the price which resolves itself into wages and profit comes to be greater in proportion to that which resolves itself into rent In the progress of the manufacture, not only the number of profits increase, but every subsequent profit is greater than the foregoing; because the capital from which it is derived must always be greater The capital which employs the weavers for example, must be greater than that which employs the spinners, because it not only replaces that capital with its profits, but pays, besides, the wages of the weavers, and the profits must always bear some proportion to the capital

In the most improved societies, however, there are always a few commodities of which the price resolves itself into two parts only, the wages of labour, and the profits of stock, and a still smaller number, in which it consists altogether in the wages of labour In the price of sea fish, for example, one part pays the labour of the fishermen, and the other the profits of the capital employed in the fishery Rent very seldom makes any part of it, though it does sometimes, as I shall show hereafter It is otherwise, at least through the greater part of Europe, in river fisheries A salmon fishery pays a rent, and rent, though it cannot well be called the rent of land makes a part of the price of a salmon as well as wages and profit In some parts of Scotland a few poor people make a trade of gathering along the sea shore, those little variegated stones commonly known by the name of Scotch Pebbles The price which is paid to them by the stone-cutter is altogether *the wages of their labour, neither rent nor* profit make any part of it

But the whole price of any commodity must still finally resolve itself into some one or other, or all of those three parts as whatever part of it remains after paying the rent of the land, and the price of the whole labour employed in raising, manufacturing and bringing it to market, must necessarily be profit to somebody

As the price or exchangeable value of every particular commodity, taken separately, resolves itself into some one or other or all of those three parts, so that of all the commodities which compose the whole annual produce of the labour of every country, taken complexly, must resolve itself into the same three parts, and be parcelled out among different inhabitants of the country, either as the wages of their labour, the profits of their stock, or the rent of their land The whole of what is annually either collected or produced by the labour of every society, or what comes to the same thing, the whole price of it, is in this manner originally distributed among some of its different members Wages, profit, and rent, are the three original sources of all revenue as well as of all exchangeable value All other revenue is ultimately derived from some one or other of these

Whoever derives his revenue from a fund which is his own, must draw it either from his labour, from his stock, or from his land The revenue derived from labour is called wages That derived from stock, by the person who manages or employs it, is called profit That derived from it by the person who does not employ it himself, but lends it to another, is called the interest or the use of money It is the compensation which the borrower pays to the lender for the profit which he has an opportunity of making by the use of the money Part of that profit naturally belongs to the borrower, who runs the risk and takes the trouble of em[illegible] it and part to the lender, who affords [illegible] making this profit. The [illegible] e reve- [illegible] it which [illegible] be paid from some other sou[illegible] less perhaps the borrower is a spendthrift, who contracts a second debt in order to pay the interest of the first The revenue which proceeds altogether from land, is called rent, and belongs to the landlord The revenue of the farmer is derived partly from his labour, and partly from his stock To him land is only the instrument which enables him to earn the wages of this labour, and to make the profits of this stock All taxes, and all the revenue which is founded upon them all salaries, pensions, and annuities of every kind are ultimately derived from some one or other of those three original sources of revenue and are paid either immediately or *mediately from the wages of labour, the profits* of stock or the rent of land

When those three different sorts of revenue belong to different persons, they are readily distinguished but when they belong to the same they are sometimes confounded with one another, at least in common language

A gentleman who farms a part of his own estate, after paying the expense of cultivation, should gain both the rent of the landlord and the profit of the farmer He is apt to denominate, however, his whole gain, profit, and thus confounds rent with profit, at least in common language The greater part of our North

American and West Indian planters are in this

of its profit

Common farmers seldom employ any overseer to direct the general operations of the farm They generally, too, work a good deal with their own hands, as ploughmen, harrowers, etc What remains of the crop after paying the rent, therefore, should not only replace to

profit

An independent manufacturer, who has stock enough both to purchase materials, and to maintain himself till he can carry his work to market, should gain both the wages of a journeyman who works under a master, and the profit which that master makes by the sale of the journeyman's work His whole gains, however, are commonly called profit, and wages are, in this case too, confounded with profit

A gardener who cultivates his own garden with his own hands unites in his own person the three different characters of landlord, farm-

uting largely to that of the far greater part of them, so the annual produce of its labour will always be sufficient to purchase or command a much greater quantity of labour than what was employed in raising, preparing and bringing

one year to another

CHAPTER VII

Of the Natural and Market Price of Commodities

poverty, their advancing, stationary, or declining condition, and partly by the particular nature of each employment

proved fertility of the land

These ordinary or average rates may be called the natural rates of wages, profit, and rent, at the time and place in which they commonly prevail

When the price of any commodity is neither more nor less than what is sufficient to pay the rent of the land, the wages of the labour, and the profits of the stock employed in raising, preparing and bringing it to market, according to their natural rates, the commodity is then sold for what may be called its natural price

The commodity is then sold precisely for what it is worth, or for what it really costs the

subsistence As, while he is preparing and bringing the goods to market he advances to his

the sale of his goods Unless they yield him this profit, therefore, they do not repay him what they may very properly be said to have really cost him

as often as he pleases

The actual price at which any commodity

is commonly sold is called its market price It may either be above or below or exactly the same with its natural price

The market price of every particular commodity is regulated by the proportion between the quantity which is actually brought to market and the demand of those who are willing to pay the natural price of the commodity or the whole value of the rent labour and profit, which must be paid in order to bring it thither Such people may be called the effectual demanders and their demand the effectual demand since it may be sufficient to effectuate the bringing of the commodity to market It is different from the absolute demand A very poor man may be said in some sense to have a demand for a coach and six he might like to have it, but his demand is not an effectual demand as the commodity can never be brought to market in order to satisfy it

When the quantity of any commodity which is brought to market falls short of the effectual demand all those who are willing to pay the whole value of the rent wages and profit which must be paid in order to bring it thither cannot be supplied with the quantity which they want Rather than want it altogether some of them will be willing to give more A competition will immediately begin among them and the market price will rise more or less above the natural price according as either the greatness of the deficiency or the wealth and wanton luxury of the competitors happen to animate more or less the eagerness of the competition Among competitors of equal wealth and luxury the same deficiency will generally occasion a more or less eager competition according as the acquisition of the commodity happens to be of more or less importance to them Hence the exorbitant price of the necessaries of life during the blockade of a town or in a famine

When the quantity brought to market exceeds the effectual demand it cannot be all sold to those who are willing to pay the whole value of the rent, wages and profit which must be paid in order to bring it thither Some part must be sold to those who are willing to
... low price which they give for
... The mar
... the nat
... of the ex
cess increases ... etition of
the sellers or according as it happens to be more or less important to them to get immediately rid of the commodity The same excess in the importation of perishable will occasion a much greater competition than in that of durable commodities in the importation of oranges for example than in that of old iron

When the quantity brought to market is just sufficient to supply the effectual demand and no more the market price naturally comes to be either exactly or as nearly as can be judged of the same with the natural price The whole quantity upon hand can be disposed of for this price and cannot be disposed of for more The competition of the different dealers obliges them all to accept of this price, but does not oblige them to accept of less

The quantity of every commodity brought to market naturally suits itself to the effectual demand It is the interest of all those who employ their land labour or stock in bringing any commodity to market that the quantity never should exceed the effectual demand and it is the interest of all other people that it never should fall short of that demand

If at any time it exceeds the effectual demand some of the component parts of its price must be paid below their natural rate If it is rent the interest of the landlords will immediately prompt them to withdraw a part of their land and if it is wages or profit the interest of the labourers in the one case and of their employers in the other will prompt them to withdraw a part of their labour or stock from this employment The quantity brought to market will soon be no more than sufficient to supply the effectual demand All the different parts of its price will rise to their natural rate and the whole price to its natural price

If on the contrary the quantity brought to market should at any time fall short of the effectual demand some of the component parts of its price must rise above their natural rate If it is rent the interest of all other landlords
... prompt them to prepare more
... if it is
... bour
... em
ploy more labou... g and
bringing it to market The quantity ... ought
thither will soon be sufficient to supply the effectual demand All the different parts of its price will soon sink to their natural rate and the whole price to its natural price

The natural price therefore is as it were the central price to which the prices of all commodities are continually gravitating Different accidents may sometimes keep them suspended a good deal above it and sometimes force them down even somewhat below it But whatever may be the obstacles which hinder them from settling in this centre of repose and continuance they are constantly tending towards it

The whole quantity of industry annually employed in order to bring any commodity to market naturally suits itself in this manner to the effectual demand It naturally aims at bringing always that precise quantity thither which may be sufficient to supply and no more than supply that demand

But in some employments the same quan

tity of industry will in different years produce very different quantities of commodities while in others it will produce always the same or very nearly the same The same number of labourers in husbandry will in different years produce very different quantities of corn wine oil hops etc But the same number of spinners and weavers will every year produce the same or very nearly the same quantity of linen and woollen cloth It is only the average produce of the one species of industry which can be suited in any respect to the effectual demand and as

gether or as nearly as can be judged of the same with the natural price That the price of linen and woollen cloth is liable neither to such frequent nor to such great variations as the price of corn every man s experience will inform him The price of the one species of commodities varies only with the variations in the demand that of the other varies not only with the variations in the demand but with the much greater and more frequent variations in the quantity of what is brought to market in

certain proportion or in a certain quantity of the rude produce is no doubt affected in its yearly value by all the occasional and tempo-

to the average and ordinary price of the produce

Such fluctuations affect both the value and the rate either of wages or of profit according

for more work to be done than can be had

dents sometimes natural causes and sometimes particular regulations of police may in many commodities keep up the market price for a long time together a good deal above the natural price

When by an increase in the effectual demand the market price of some particular commodity

great profit would tempt so many new rivals to employ their stocks in the same way that the effectual demand being fully supplied the market price would soon be reduced to the

longer than they are kept

Secrets in manufactures are capable of being longer kept than secrets in trade A dyer who has found the means of producing a particular colour with materials which cost only half the price of those commonly made use of may with good management enjoy the advantage of his discovery as long as he lives and even leave it as a legacy to his posterity His extraordinary gains arise from the high price

is paid for his private labour They properly consist in the high wages of that labour But as they are repeated upon every part of his stock, and as their whole amount bears upon that account a regular proportion to it they are commonly considered as extraordinary profits of stock

Such enhancements of the market price are evidently the effects of particular accidents of which however the operation may sometimes last for many years together

Some natural productions require such a singularity of soil and situation that all the land in a great country which is fit for producing them may not be sufficient to supply the effectual demand The whole quantity brought to market therefore may be disposed of to those who are willing to give more than what is sufficient to pay the rent of the land which produced them, together with the wages of the labour and the profits of the stock which were employed in preparing and bringing them to market according to their natural rates Such commodities may continue for whole centuries together to be sold at this high price and that part of it which resolves itself into the rent of land is in this case the part which is generally paid above its natural rate The rent of the land which affords such singular and esteemed productions like the rent of some vineyards in France of a peculiarly happy soil and situation bears no regular proportion to the rent of other equally fertile and equally well cultivated land in its neighbourhood The wages of the labour and the profits of the stock employed in bringing such commodities to market on the contrary are seldom out of their natural proportion to those of the other employments of labour and stock in their neighbourhood

Such enhancements of the market price are evidently the effect of natural causes which may hinder the effectual demand from ever being fully supplied and which may continue therefore to operate for ever

A monopoly granted either to an individual or to a trading company has the same effect as a secret in trade or manufactures The monopolists by keeping the market constantly under stocked by never fully supplying the effectual demand sell their commodities much above the natural price and raise their emoluments whether they consist in wages or profit greatly above their natural rate

The price of monopoly is upon every occasion the highest which can be got The natural price or the price of free competition on the contrary, is the lowest which can be taken not upon every occasion indeed but for any considerable time together The one is upon every occasion the highest which can be squeezed out of the buyers or which it is supposed they will consent to give the other is the lowest which the sellers can commonly afford to take and at the same time continue their business

The exclusive privileges of corporations statutes of apprenticeship and all those laws which restrain in particular employments the competition to a smaller number than might otherwise go into them have the same tendency though in a less degree They are a sort of enlarged monopolies and may frequently for ages together and in whole classes of employments keep up the market price of particular commodities above the natural price and maintain both the wages of the labour and the profits of the stock employed about them somewhat above their natural rate

Such enhancements of the market price may last as long as the regulations of police which give occasion to them

The market price of any particular commodity though it may continue long above can seldom continue long below its natural price Whatever part of it was paid below the natural rate the persons whose interest it affected would immediately feel the loss and would immediately withdraw either so much land or so much labour or so much stock from being employed about it that the quantity brought to market would soon be no more than sufficient to supply the effectual demand Its market price therefore would soon rise to the natural price This at least would be the case where there was perfect liberty

The same statutes of apprenticeship and other corporation laws indeed which when a manufacture is in prosperity enable the workman to raise his wages a good deal above their natural rate sometimes oblige him when it decays to let them down a good deal below it As in the one case they exclude many people from his employment so in the other they exclude him from many employments The effect of such regulations however is not near so durable in sinking the workman's wages below as in raising them above their natural rate Their operation in the one way may endure for many centuries but in the other it can last no longer than the lives of some of the workmen who were bred to the business in the time of its prosperity When they are gone the number of those who are afterwards educated to the trade will naturally suit itself to the effectual demand The police must be as violent as that of Indostan or ancient Egypt (where every man was bound by a principle of religion to follow the occupation of his father and was supposed to commit the most horrid sacrilege if he changed it for another) which can in any particular employment and for several generations together sink either the wages of labour or the profits of stock below their natural rate

This is all that I think necessary to be observed at present concerning the deviations,

whether occasional or permanent of the market price of commodities from the natural price

The natural price itself varies with the natural rate of each of its component parts of wages profit and rent and in every society this rate varies according to their circumstances according to their riches or poverty their advancing stationary or declining condition I shall in the four following chapters endeavour to explain as fully and distinctly as I can the causes of those different variations

First I shall endeavour to explain what are the circumstances which naturally determine the rate of wages and in what manner those circumstances are affected by the riches or ... de

... what ... ter

mine the rate of profit and in what manner too those circumstances are affected by the like variations in the state of the society

Though pecuniary wages and profit are very different in the different employments of labour and stock yet a certain proportion seems commonly to take place between both the pecuniary wages in all the different employments of labour and the pecuniary profits in all the different employments of stock This proportion it will appear hereafter depends partly upon the nature of the different employments and partly upon the different laws and policy of the society in which they are carried on But though in many respects dependent upon the laws and policy this proportion seems to be little affected by the riches or poverty of that society by its advancing stationary or declining condition but to remain the same or very nearly the same in all those different states I shall in the third place endeavour to explain all the different circumstances which

stances which it produces

CHAPTER VIII

Of the Wages of Labour

would gradually have become cheaper They would have been produced by a smaller quantity of labour and as the commodities pro-

tity

as easy as before

employed upon land

is employed upon land

The produce of almost all other labour is liable to the like deduction of profit In all arts and manufactures the greater part of the workmen stand in need of a master to advance them the materials of their work, and their wages and maintenance till it be completed He shares in the produce of their labour or in the value which it adds to the materials upon which it is bestowed, and in this share consists his profit

It sometimes happens, indeed that a single independent workman has stock sufficient both to purchase the materials of his work, and to maintain himself till it be completed He is both master and workman and enjoys the whole produce of his own labour or the whole value which it adds to the materials upon which it is bestowed It includes what are usually two distinct revenues belonging to two distinct persons, the profits of stock and the wages of labour

Such cases however are not very frequent and in every part of Europe twenty workmen serve under a master for one that is independent and the wages of labour are everywhere understood to be what they usually are when the labourer is one person and the owner of the stock which employs him another

What are the common wages of labour depends everywhere upon the contract usually made between those two parties whose interests are by no means the same The workmen desire to get as much the masters to give as little as possible The former are disposed to combine in order to raise the latter in order to lower the wages of labour

It is not however difficult to foresee which of the two parties must upon all ordinary occasions have the advantage in the dispute and force the other into a compliance with their terms The masters being fewer in number can combine much more easily and the law besides authorizes or at least does not prohibit their combinations while it prohibits those of the workmen We have no acts of parliament against combining to lower the price of work but many against combining to raise it In all such disputes the masters can hold out much longer A landlord a farmer a master manufacturer a merchant though they did not employ a single workman could generally live a year or two upon the stocks which they have already acquired Many workmen could not subsist a week few could subsist a month and scarce any a year without employment In the long run the workman may be as necessary to his master as his master is to him but the necessity is not so immediate

We rarely hear, it has been said of the combinations of masters though frequently of those of workmen But whoever imagines upon this account, that masters rarely combine is as ignorant of the world as of the subject Masters are always and everywhere in a sort of tacit but constant and uniform combination, not to raise the wages of labour above their actual rate To violate this combination is everywhere a most unpopular action and a sort of reproach to a master among his neighbours and equals We seldom indeed, hear of this combination because it is the usual and one may say, the natural state of things which nobody ever hears of Masters too, sometimes enter into particular combinations to sink the wages of labour even below this rate These are always conducted with the utmost silence and secrecy, till the moment of execution and when the workmen yield as they sometimes do without resistance, though severely felt by them, they are never heard of by other people Such combinations however, are frequently resisted by a contrary defensive combination of the workmen who sometimes too without any provocation of this kind combine of their own accord to raise the price of their labour Their usual pretences are sometimes the high price of provisions sometimes the great profit which their masters make by their work But whether their combinations be offensive or defensive they are always abundantly heard of In order to bring the point to a speedy decision they have always recourse to the loudest clamour, and sometimes to the most shocking violence and outrage They are desperate and act with the folly and extravagance of desperate men who must either starve or frighten their masters into an immediate compliance with their demands The masters upon these occasions are just as clamorous upon the other side and never cease to call aloud for the assistance of the civil magistrate and the rigorous execution of those laws which have been enacted with so much severity against the combinations of servants labourers and journeymen The workmen accordingly very seldom derive any advantage from the violence of those tumultuous combinations which partly from the interposition of the civil magistrate partly from the superior steadiness of the masters partly from the necessity which the greater part of the workmen are under of submitting for the sake of present subsistence generally end in nothing but the punishment or ruin of the ringleaders

But though in disputes with their workmen masters must generally have the advantage, there is however a certain rate below which it seems impossible to reduce for any considerable time the ordinary wages even of the lowest species of labour

A man must always live by his work and his wages must at least be sufficient to maintain him They must even upon most occasions be somewhat more otherwise it would be impossible for him to bring up a family, and the race

of such workmen could not last beyond the first generation Mr Cantillon seems, upon this account, to suppose that the lowest species of common labourers must everywhere earn at

age of manhood The poorest labourers therefore according to this account, must one with another, attempt to rear at least four children in order that two may have an equal chance of living to that age But the necessary mainte

to earn something more than what is precisely necessary for their own maintenance but in what proportion whether in that above mentioned, or in any other, I shall not take upon me to determine

There are certain circumstances however

When in any country the demand for those who live by wages labourers journeymen servants of every kind is continually increasing when every year furnishes employment for a greater number than had been employed the

not to raise wages

The demand for those who live by wages it

what is necessary for the maintenance and secondly the stock which is over and above what is necessary for the employment of their masters

When the landlord annuitant or monied

Increase this surplus and he will naturally increase the number of those servants

When an independent workman, such as a

more journeymen with the surplus, in order to make a profit by their work Increase this surplus and he will naturally increase the number of his journeymen

The demand for those who live by wages therefore, necessarily increases with the increase of the revenue and stock of every country, and cannot possibly increase without it The increase of revenue and stock is the increase of national wealth The demand for those who live by wages therefore naturally increases with the increase of national wealth, and cannot possibly increase without it

It is not the actual greatness of national

known there In the worst seasons they have always had a sufficiency for themselves though

[1] This was written in 1773 before ment of the late disturbances.

Great Britain and most other European countries they are not supposed to double in less than five hundred years In the British colonies in North America it has been found that they double in twenty or five and twenty years Nor in the present times is this increase principally owing to the continual importation of new inhabitants but to the great multiplication of the species Those who live to old age, it is said frequently see there from fifty to a hundred and sometimes many more descendants from their own body Labour is there so well rewarded that a numerous family of children instead of being a burthen is a source of opulence and prosperity to the parents The labour of each child, before it can leave their house is computed to be worth a hundred pounds clear gain to them A young widow with four or five young children who among the middling or inferior ranks of people in Europe would have so little chance for a second husband is there frequently courted as a sort of fortune The value of children is the greatest of all encouragements to marriage We cannot therefore wonder that the people in North America should generally marry very young Notwithstanding the great increase occasioned by such early marriages there is a continual complaint of the scarcity of hands in North America The demand for labourers the funds destined for maintaining them increase it seems still faster than they can find labourers to employ

Though the wealth of a country should be very great yet if it has been long stationary we must not expect to find the wages of labour very high in it The funds destined for the payment of wages the revenue and stock of its inhabitants, may be of the greatest extent but if they have continued for several centuries of the same or very nearly of the same extent the number of labourers employed every year could easily supply and even more than supply the number wanted the following year There could seldom be any scarcity of hands nor could the masters be obliged to bid against one another in order to get them The hands on the contrary would in this case naturally multiply beyond their employment There would be a constant scarcity of employment and the labourers would be obliged to bid against one another in order to get it If in such a country the wages of labour had ever been more than sufficient to maintain the labourer and to enable him to bring up a family the competition of the labourers and the interest of the masters would soon reduce them to this lowest rate which is consistent with common humanity China has been long one of the richest that is one of the most fertile, best cultivated most industrious and most populous countries in the world It seems however to have been long stationary Marco Polo who visited it more than five hundred years ago describes its cultivation industry, and populousness almost in the same terms in which they are described by travellers in the present times It had perhaps even long before his time acquired that full complement of riches which the nature of its laws and institutions permits it to acquire The accounts of all travellers inconsistent in many other respects agree in the low wages of labour and in the difficulty which a labourer finds in bringing up a family in China If by digging the ground a whole day he can get what will purchase a small quantity of rice in the evening he is contented The condition of artificers is if possible still worse Instead of waiting indolently in their workhouses for the calls of their customers, as in Europe they are continually running about the streets with the tools of their respective trades offering their service and as it were begging employment The poverty of the lower ranks of people in China far surpasses that of the most beggarly nations in Europe In the neighbourhood of Canton many hundred it is commonly said many thousand families have no habitation on the land but live constantly in little fishing boats upon the rivers and canals The subsistence which they find there is so scanty that they are eager to fish up the nastiest garbage thrown overboard from any European ship Any carrion the carcase of a dead dog or cat for example though half putrid and stinking is as welcome to them as the most wholesome food to the people of other countries Marriage is encouraged in China not by the profitableness of children but by the liberty of destroying them In all great towns several are every night exposed in the street or drowned like puppies in the water The performance of this horrid office is even said to be the avowed business by which some people earn their subsistence

China however though it may perhaps stand still does not seem to go backwards Its towns are nowhere deserted by their inhabitants The lands which had once been cultivated are nowhere neglected The same or very nearly the same annual labour must therefore continue to be performed and the funds destined for maintaining it must not consequently be sensibly diminished The lowest class of labourers therefore notwithstanding their scanty subsistence must some way or another make shift to continue their race so far as to keep up their usual numbers

But it would be otherwise in a country where the funds destined for the maintenance of labour were sensibly decaying Every year the demand for servants and labourers would in all the different classes of employments be less than it had been the year before Many who had been bred in the superior classes not being

ment would be so great in it, as to reduce the wages of labour to the most miserable and scanty subsistence of the labourer Many would not be able to find employment even upon these hard terms, but would either starve, or be driven to seek a subsistence either by begging,

labouring poor are fast decaying The diffe-

cannot perhaps be better illustrated than by the different state of those countries

hand, is the natural symptom that things are at a stand, and their starving condition that they are going fast backwards

manity

First, in almost every part of Great Britain

through the whole year they do not exceed what is necessary to maintain his family

Secondly, the wages of labour do not in Great Britain fluctuate with the price of provisions These vary everywhere from year to year, frequently from month to month. But in many places the money price of labour remains uniformly the same sometimes for half a century

more from year to year than the wages of la

to another, but from one end of the kingd

almost from one end of the world to the other as would soon reduce them more nearly to a level After all that has been said of the levity and inconstancy of human nature it appears evidently from experience that a man is of all sorts of luggage the most difficult to be transported If the labouring poor therefore can maintain their families in those parts of the kingdom where the price of labour is lowest they must be in affluence where it is highest

Fourthly the variations in the price of labour not only do not correspond either in place or time with those in the price of provisions but they are frequently quite opposite

Grain the food of the common people is dearer in Scotland than in England whence Scotland receives almost every year very large supplies But English corn must be sold dearer in Scotland the country to which it is brought than in England the country from which it comes and in proportion to its quality it cannot be sold dearer in Scotland than the Scotch corn that comes to the same market in competition with it The quality of grain depends chiefly upon the quantity of flour or meal which it yields at the mill and in this respect English grain is so much superior to the Scotch that though often dearer in appearance or in proportion to the measure of its bulk it is generally cheaper in reality or in proportion to its quality or even to the measure of its weight The price of labour on the contrary is dearer in England than in Scotland If the labouring poor therefore can maintain their families in the one part of the United Kingdom they must be in affluence in the other Oatmeal indeed supplies the common people in Scotland with the greatest and the best part of their food which is in general much inferior to that of their neighbours of the same rank in England This difference however in the mode of their subsistence is not the cause but the effect of the difference in their wages though by a strange misapprehension I have frequently heard it represented as the cause It is not because one man keeps a coach while his neighbour walks afoot that the one is rich and the other poor but because the one is rich he keeps a coach and because the other is poor he walks afoot

During the course of the last century taking one year with another grain was dearer in both parts of the United Kingdom than during that of the present This is a matter of fact which cannot now admit of any reasonable doubt and the proof of it is if possible still more decisive with regard to Scotland than with regard to England It is in Scotland supported by the evidence of the public fiars annual valuations made upon oath according to the actual state of the markets of all the different sorts of grain in every different county of Scotland If such direct proof could require any collateral evidence to confirm it I would observe that this has likewise been the case in France and probably in most other parts of Europe With regard to France there is the clearest proof But though it is certain that in both parts of the United Kingdom grain was somewhat dearer in the last century than in the present it is equally certain that labour was much cheaper If the labouring poor therefore could bring up their families then they must be much more at their ease now In the last century, the most usual day wages of common labour through the greater part of Scotland were sixpence in summer and fivepence in winter Three shillings a week the same price very nearly still continues to be paid in some parts of the Highlands and Western Islands Through the greater part of the low country the most usual wages of common labour are now eightpence a day; tenpence sometimes a shilling about Edinburgh, in the counties which border upon England probably on account of that neighbourhood and in a few other places where there has lately been a considerable rise in the demand for labour about Glasgow Carron Ayrshire etc In England the improvements of agriculture manufactures and commerce began much earlier than in Scotland The demand for labour and consequently its price must necessarily have increased with those improvements In the last century accordingly as well as in the present the wages of labour were higher in England than in Scotland They have risen too considerably since that time though on account of the greater variety of wages paid there in different places it is more difficult to ascertain how much In 1614 the pay of a foot soldier was the same as in the present times eightpence a day When it was first established it would naturally be regulated by the usual wages of common labourers the rank of people from which foot soldiers are commonly drawn Lord Chief Justice Hales, who wrote in the time of Charles II computes the necessary expense of a labourer's family consisting of six persons the father and mother two children able to do something and two not able at ten shillings a week or twenty six pounds a year If they cannot earn this by their labour they must make it up he supposes either by begging or stealing He appears to have inquired very carefully into this subject In 1688 Mr Gregory King whose skill in political arithmetic is so much extolled by Doctor Davenant computed the ordinary income of labourers and out servants to be fifteen pounds a year to a family which he supposed to consist one with another of three and a half persons His calculation therefore though different in appear

See his scheme for the maintenance of the poor in Burns History of the Poor Laws

ance corresponds very nearly at bottom with that of Judge Hales Both suppose the weekly expense of such families to be about twenty pence a head Both the pecuniary income and expense of such families have increased con

present wages of labour have lately represented them to the public The price of labour, it must

usual and experience seems to show that law can never regulate them properly, though it has often pretended to do so

The real recompense of labour the real quantity of the necessaries and conveniences of life which it can procure to the labourer has dur

what cheaper, but many other things from which the industrious poor derive an agreeable and wholesome variety of food have become a

Britain were in the last century imported from Flanders The great improvements in the

however which the labour ... any necessity of consuming is so very small

be contented with the same food clothing and lodging which satisfied them in former times,

may convince us that it is not the money price of labour only but its real recompense which has augmented

Is this improvement in the circumstances of

Poverty, though it no doubt discourages does not always prevent marriage It seems

the passion for enjoyment seems always to weaken and frequently to destroy altogether the powers of generation

officers of great experience have assured me that so far from recruiting their regiment they have never been able to supply it with drums and fifes from all the soldiers children that

greater than among those of the common people

Every species of animals naturally multiplies in proportion to the means of their subsistence, and no species can ever multiply beyond it But in civilised society it is only among the inferior ranks of people that the scantiness of subsistence can set limits to the further multiplication of the human species and it can do so in no other way than by destroying a great part of the children which their fruitful marriages produce

The liberal reward of labour by enabling them to provide better for their children and consequently to bring up a greater number naturally tends to widen and extend those limits It deserves to be remarked too that it necessarily does this as nearly as possible in the proportion which the demand for labour requires If this demand is continually increasing the reward of labour must necessarily encourage in such a manner the marriage and

the last

mand of the society may happen to require

commonly managed by a negligent master or

grees of expense to execute it It appears accordingly, from the experience of all ages and nations I believe that the work done by freemen comes cheaper in the end than that performed by slaves It is found to do so even at Boston New York, and Philadelphia where

advancing to the further acquisition rather than when it has acquired its full complement of riches that the condition of the labouring

different orders of the society The stationary

Some workmen indeed when they can earn in four days what will maintain them through the week will be idle the other three This however is by no means the case with the greater part Workmen on the contrary when they are liberally paid by the piece are very apt to

many other trades, in which the workmen are paid by the piece, as they generally are in manufactures, and even in country labour, wherever wages are higher than ordinary Almost every class of artificers is subject to some peculiar infirmity occasioned by excessive application to their peculiar species of work.

selves, and to hurt their health by exces e labour Excessive application during four days of the week is frequently the real cause of the idleness of the other three, so much and so

some workmen ... effect upon the

what they can make by their own industry But the same cheapness of provisions, by increasing the fund which is destined for the

price of labour, ...
cheap years

... of scarcity, the difficulty and un-

tined for the maintenance of servants, disposes

whose wages and maintenance are the same whether they do much or do little, is likely to be still greater Cheap years tend to increase the proportion of independent workmen to

journeymen and servants of all kinds and dear years to diminish it

A French author of great knowledge and ingenuity Mr Messance receiver of the taillies in the election of St Etienne endeavours to show that the poor do more work in cheap than in dear years by comparing the quantity and value of the goods made upon those different occasions in three different manufactures one of coarse woollens carried on at Elbeuf one of linen and another of silk both which extend [illegible]

[illegible]

the dearest years All the three seem to be stationary manufactures or which though their produce may vary somewhat from year to year, are upon the whole neither going back wards nor forwards

[illegible]

the dearness or cheapness of the seasons In 1740 a year of great scarcity both manufactures indeed appear to have declined very considerably But in 1756 another year of great scarcity the Scotch manufacture made more than ordinary advances The Yorkshire manufacture indeed declined and its produce did not rise to what it had been in 1755 till 1766 after the repeal of the American Stamp Act In that and the following year it greatly exceeded what it had ever been before and it has continued to advance ever since

The produce of all great manufactures for distant sale must necessarily depend not so much upon the dearness or cheapness of the seasons in the countries where they are carried on as upon the circumstances which affect the demand in the countries where they are consumed upon peace or war upon the prosperity

[illegible]

their masters become independent labourers The women return to their parents and commonly spin in order to make clothes for themselves and their families Even the independent workmen do not always work for public sale but are employed by some of their neighbours in manufactures for family use The produce of their labour therefore frequently makes no figure in those public registers of which the records are sometimes published with so much parade and from which our merchants and manufacturers would often vainly pretend to announce the prosperity or declension of the greatest empires

Though the variations in the price of labour not only do not always correspond with those in the price of provisions but are frequently [illegible]

[illegible]

price of the necessaries and conveniences of life The demand for labour according as [illegible]

[illegible]

which must be given to the labourer and the money price of labour is determined by what is requisite for purchasing this quantity Though the money price of labour therefore is sometimes high where the price of provisions is low it would be still higher the demand continuing the same if the price of provisions was high

It is because the demand for labour increases in years of sudden and extraordinary plenty and diminishes in those of sudden and extraordinary scarcity that the money price of labour sometimes rises in the one and sinks in the other

In a year of sudden and extraordinary plenty, there are funds in the hands of many of the employers of industry sufficient to maintain and employ a greater number of industrious people than had been employed the year before and this extraordinary number cannot always be had Those masters therefore who want more workmen bid against one another in order to get them which sometimes raises both the real and the money price of their labour

The contrary of this happens in a year of sudden and extraordinary scarcity The funds destined for employing industry are less than they had been the year before A considerable [illegible]

[illegible]

willing to work for bare subsistence In the succeeding years of plenty it was more difficult to get labourers and servants

The scarcity of a dear year by diminishing the demand for labour tends to lower its price

as the high price of provisions tends to raise it The plenty of a cheap year on the contrary by increasing the demand tends to raise the price of labour as the cheapness of provisions tends to lower it In the ordinary variations of the price of provisions those two opposite causes seem to counterbalance one another, which is probably in part the reason why the wages of labour are everywhere so much more steady and permanent than the price of provisions

place for the same reason among those of a great society The greater their number the more they naturally divide themselves into different classes and subdivisions of employ

therefore which in consequence of these improvements come to be produced by so much less labour than before that the increase of its price is more than compensated by the diminution of its quantity

CHAPTER IX

Of the Profits of Stock

THE rise and fall in the profits of stock de

very differently

The increase of stock which raises wages

crease of stock in all the different trades carried on in the same society the same competition must produce the same effect in them all

It is not easy, it has already been observed to ascertain what are the average wages of labour even in a particular place and at a particular time We can even in this case seldom determine more than what are the most usual

by sea or by land or even when stored in a warehouse are liable It varies therefore not only from year to year but from day to day and almost from hour to hour To ascertain what is the average profit of all the different trades carried on in a great kingdom must be much more difficult and to judge of what it may have been formerly or in remote periods of time with any degree of precision must be *altogether impossible*

may be formed of them from the interest of money It may be laid down as a maxim, that wherever a great deal can be made by

rather above than below the market rate Before the late war the government borrowed at three per cent and people of good credit in the capital and in many other parts of the kingdom, at three and a half four, and four and a half per cent

Since the time of Henry VIII the wealth and revenue of the country have been continually advancing and in the course of their progress their pace seems rather to have been gradually accelerated than retarded They seem not only to have been going on but to have been going on faster and faster The wages of labour have been continually increasing during the same period and in the greater part of the different branches of trade and manufactures the profits of stock have been diminishing

It generally requires a greater stock to carry on any sort of trade in a great town than in a country village The great stocks employed in every branch of trade and the number of rich competitors generally reduce the rate of profit in the former below what it is in the latter But the wages of labour are generally higher in a great town than in a country village In a thriving town the people who have great stocks to employ frequently cannot get the number of workmen they want and therefore bid against one another in order to get as many as they can, which raises the wages of labour and lowers the profits of stock In the remote parts of the country there is frequently not stock sufficient to employ all the people who therefore bid against one another in order to get employment which lowers the wages of labour and raises the profits of stock

In Scotland though the legal rate of interest is the same as in England the market rate is rather higher People of the best credit there seldom borrow under five per cent Even private bankers in Edinburgh give four per cent upon their promissory notes of which payment either in whole or in part may be demanded at pleasure Private bankers in London give no interest for the money which is deposited with them There are few trades which cannot be carried on with a smaller stock in Scotland than in England The common rate of profit therefore must be somewhat greater The wages of labour it has already been observed are lower in Scotland than in England The country too is not only much poorer but the steps by which it advances to a better condition for it is evidently advancing seem to be much slower and more tardy

The legal rate of interest in France has not during the course of the present century been always regulated by the market rate In 1720 interest was reduced from the twentieth to the fiftieth penny, or from five to two per cent In 1724 it was raised to the thirtieth penny or to 3⅓ per cent In 1725 it was again raised to the twentieth penny, or to five per cent In 1766 during the administration of Mr Laverdy it was reduced to the twenty fifth penny, or to four per cent The Abbe Terray raised it afterwards to the old rate of five per cent The supposed purpose of many of those violent reductions of interest was to prepare the way for reducing that of the public debts a purpose which has sometimes been executed France is perhaps in the present times not so rich a country as England and though the legal rate of interest has in France frequently been lower than in England the market rate has generally been higher for there, as in other countries they have several very safe and easy methods of evading the law The profits of trade I have been assured by British merchants who had traded in both countries are higher in France than in England and it is no doubt upon this account that many British subjects choose rather to employ their capitals in a country where trade is in disgrace than in one where it is highly respected The wages of labour are lower in France than in England When you go from Scotland to England the difference which you may remark between the dress and countenance of the common people in the one country and in the other sufficiently indicates the difference in their condition The contrast is still greater when you return from France France though no doubt a richer country than Scotland seems not to be going forward so fast It is a common and even a popular opinion in the country that it is going backwards an opinion which I apprehend is ill founded even with regard to France but which nobody can possibly entertain with regard to Scotland who sees the country now and who saw it twenty or thirty years ago

The province of Holland on the other hand in proportion to the extent of its territory and the number of its people is a richer country than England The government there borrows at two per cent and private people of good credit at three The wages of labour are said to be higher in Holland than in England and the Dutch it is well known trade upon lower profits than any people in Europe The trade of Holland it has been pretended by some people is decaying and it may perhaps be true that some particular branches of it are so But these symptoms seem to indicate sufficiently that there is no general decay When profit diminishes merchants are very apt to complain that trade decays though the diminution of profit is the natural effect of its prosperity or of a greater stock being employed in it than before During the late war* the Dutch gained the

[1] See Denisart *Article Taux des Intérêts* vol iii. p. 18

* The Seven Years War 1756 1763 —Ed

countries where the rate of interest is higher than in their own, are circumstances which no doubt demonstrate the redundancy of their stock, or that it has increased beyond what they can employ with tolerable profit in the proper business of their own country but they do not demonstrate that that business has decreased As the capital of a private man, though acquired by a particular trade, may increase beyond what he can employ in it, and yet that trade continue to increase too so may like-

tent of its stock, than the greater part of other countries They have more land than they have stock to cultivate What they have, therefore, is applied to the cultivation only of what is most fertile and most favourably situated, the land near the sea shore, and along the banks of navigable rivers Such land, too, is frequently purchased at a price below the value even of its natural produce Stock employed in the purchase and improvement of such lands must yield a very large profit, and consequently afford to pay a very large interest Its rapid accumulation in so

century As riches, improvement, and population have increased, interest has declined The wages of labour do not sink with the profits of stock. The demand for labour increases with the increase of stock whatever be its profits, and after these are diminished, stock may not only continue to increase, but to increase much faster than before It is with industrious na

quisitions present to the different people among whom it is divided, is applied to those particular branches only which afford the greatest profit Part of what had before been employed in other trades is necessarily withdrawn from them, and turned into some of the new and more profitable ones In all those old trades, therefore, the competition comes to be less

and the West Indies, will sufficiently account for this, without supposing any diminution in the capital stock of the society So great an accession of new business to be carried on by the old stock must necessarily have diminished the quantity employed in a great number of particular branches in which the competition

war

The diminution of the capital stock of the society, or of the funds destined for the maintenance of industry, however, as it lowers the wages of labour, so it raises the profits of stock

and consequently the interest of money By the wages of labour being lowered, the owners of what stock remains in the society can bring

satisfy us that, as the wages of labour are very low, so the profits of stock are very high in those ruined countries The interest of money

mous usury must in its turn eat up the greater part of those profits Before the fall of the Roman republic, a usury of the same kind seems to have been common in the provinces, under the ruinous administration of their proconsuls The virtuous Brutus lent money in Cyprus at eight and forty per cent as we learn from the letters of Cicero

was not going backwards both the wages of labour and the profits of stock would probably be very low In a country fully peopled in proportion to what either its territory could maintain or its stock employ, the competition for employment would necessarily be so great as to reduce the wages of labour to what was barely sufficient to keep up the number of labourers, and, the country being already fully peopled, that number could never be augmented In a country fully stocked in proportion to all the business it had to transact, as great a quantity of stock would be employed

possible

try too, where, though the rich or the owners of large capitals enjoy a good deal of security, the poor or the owners of small capitals enjoy

equal to what the nature and extent of that business might admit In every different branch, the oppression of the poor must establish the monopoly of the rich, who, by engrossing the whole trade to themselves, will be able to make very large profits Twelve per cent accordingly is said to be the common interest of money in China, and the ordinary profits of stock must be sufficient to afford this large interest

A defect in the law may sometimes raise the rate of interest considerably above what the condition of the country, as to wealth or poverty, would require When the law does not enforce the performance of contracts, it puts all borrowers nearly upon the same footing

quired from bankrupts Among the barbarous nations who overran the western provinces of the Roman empire, the performance of con-

ancient times may perhaps be partly accounted for from this cause

Montesquieu, not from their poverty, but partly from this, and partly from the difficulty of

for compensating such extraordinary losses. The interest which the borrower can afford to pay is in proportion to the clear profit only.

lending

In a country which had acquired its full

very wealthiest people to live upon the inter est of their money All people of small or

such as in the price of the greater part of com modities eats up the whole of what should go to the rent of the land and leaves only what is sufficient to pay the labour of preparing and

lend mean no more than a common and usual profit In a country where the ordinary rate of clear profit is eight or ten per cent it may be reasonable that one half of it should go to

upon the risk of this insurance and a sufficient recompense for the trouble of employing the stock But the proportion between interest

In countries which are fast advancing to riches the low rate of profit may in the price of many commodities compensate the high wages of labour and enable those countries to sell as cheap as their less thriving neigh bours among whom the wages of labour may be lower

In reality high profits tend much more to

to the number of people that had been em

raised five per cent that part of the price of the commodity which resolved itself into profit would through all the different stages of the

upon the advanced price of the flax and upon

operates in the same manner as simple interest does in the accumulation of debt The rise of profit operates like compound interest Our merchants and master manufacturers complain much of the bad effects of high wages in raising the price and thereby lessening the sale of their goods both at home and abroad They say nothing concerning the bad effects of high profits They are silent with regard to the per nicious effects of their own gains They com plain only of those of other people

any of those employments which require extraordinary dexterity and skill may be compared to one of those expensive machines The work which he learns to perform it must be expected over and above the usual wages of common labour will replace to him the whole expense of his education with at least the ordinary profits of an equally valuable capital It must do this too in a reasonable time regard being had to the very uncertain duration of human life in the same manner as to the more certain duration of the machine

The difference between the wages of skilled labour and those of common labour is founded upon this principle

The policy of Europe considers the labour of all mechanics artificers and manufacturers as skilled labour and that of all country labourers as common labour It seems to suppose that of the former to be of a more nice and delicate nature than that of the latter It is so perhaps in some cases but in the greater *part is it quite otherwise* as I shall endeavour to show by and by The laws and customs of Europe therefore in order to qualify any person for exercising the one spe

master for teaching him his trade They who cannot give money give time or become bound for more than the usual number of

of people This superiority however is generally very small the daily or weekly earn

ployment, indeed is more steady and uni

form and the superiority of their earnings taking the whole year together may be somewhat greater It seems evidently however to be no greater than what is sufficient to compensate the superior expense of their education

Education in the ingenious arts and in the liberal professions is still more tedious and expensive The pecuniary recompense therefore of painters and sculptors of lawyers and physicians ought to be much more liberal and it is so accordingly

The profits of stock seem to be very little affected by the easiness or difficulty of learning the trade in which it is employed All the different ways in which stock is commonly employed in great towns seem in reality to be almost equally easy and equally difficult to learn One branch either of foreign or domestic trade cannot well be a much more intricate business than another

Thirdly the wages of labour in different *occupations vary with the constancy or in*constancy of employment

Employment is much more constant in some trades than in others In the greater part of manufacturers a journeyman may be pretty sure of employment almost every day in the year that he is able to work A mason or bricklayer on the contrary can work neither in hard frost nor in foul weather and his employment at all other times depends upon the occasional calls of his customers He is liable in consequence to be

greater part of manufacturers accordingly are nearly upon a level with the day wages of common labourers those of masons and bricklayers are generally from one half more to double those wages Where common labourers earn four and five shillings a week masons and bricklayers frequently earn seven and eight where the former earn six the latter often earn nine and ten and where the former earn nine and ten as in London the latter commonly earn fifteen and eighteen No species of skilled labour however seems more easy to learn than that of masons *and bricklayers Chairmen in London during* the summer season are said sometimes to be employed as bricklayers The high wages of those workmen therefore are not so much the recompense of their skill as the compensation for the inconstancy of their employment

A house carpenter seems to exercise

a nicer and more ingenious trade than a mason In most places, however, for it is not universally so, his day-wages are somewhat lower. His employment, though it depends much, does not depend so entirely upon the occasional calls of his customers, and it is not liable to be interrupted by the weather

When the trades which generally afford constant employment happen in a particular place not to do so, the wages of the workmen always rise a good deal above their ordinary proportion to those of common labour In London almost all journeymen artificers are liable to be called upon and dismissed by their masters from day to day, and from week to week, in the same manner as day labourers in other places The lowest order of artificers, journeymen tailors, accordingly earn there half a crown a-day, though eighteenpence may be reckoned the wages of common labour In small towns and country villages, the wages of journeymen tailors frequently scarce equal those of common labour, but in London they are often many weeks without employment, particularly during the summer

When the inconstancy of employment is combined with the hardship, disagreeableness and dirtiness of the work it sometimes raises the wages of the most common labour above those of the most skilful artificers A collier working by the piece is supposed, at Newcastle, to earn commonly about double, and in many parts of Scotland about three times the wages of common labour His high wages arise altogether from the hardship, disagreeableness, and dirtiness of his work His employment may, upon most occasions be as constant as he pleases The coal heavers in London exercise a trade which in hardship,

wages of common labour, it ought not to seem unreasonable that coal heavers should sometimes earn four and five times those wages In the inquiry made into their condition a few years ago it was found that at the rate at which they were then paid, they could earn from six to ten shillings a day Six shillings are about four times the wages of common labour in London and in every

would soon be so great a number of competitors as, in a trade which has no exclusive privilege, would quickly reduce them to a lower rate

The constancy or inconstancy of employment cannot affect the ordinary profits of stock in any particular trade Whether the stock is or is not constantly employed depends, not upon the trade, but the trader

Fourthly, the wages of labour vary accordingly to the small or great trust which must be reposed in the workmen

The wages of goldsmiths and jewellers are everywhere superior to those of many other workmen, not only of equal, but of much superior ingenuity, on account of the precious materials with which they are intrusted

We trust our health to the physician our fortune and sometimes our life and reputation to the lawyer and attorney Such confidence could not safely be reposed in people of a very mean or low condition Their reward must be such, therefore, as may give them that rank in the society which so important

their labour

When a person employs only his own stock in trade, there is no trust, and the credit which he may get from other people depends, not upon the nature of his trade, but upon their opinion of his fortune, probity, and prudence The different rates of profit, therefore, in the different branches of trade, cannot arise from the different degrees of trust reposed in the traders

Fifthly the wages of labour in different

ferent occupations In the greater part of mechanic trades, success is almost certain, but very uncertain in the liberal professions

business In a perfectly fair lottery, those who draw the prizes ought to gain all that is lost by those who draw the blanks In a profession where twenty fail for one that succeeds, that one ought to gain all that should have been

education, but that of more than twenty

others who are never likely to make anything by it How extravagant soever the fees of counsellors at law may sometimes appear, their real retribution is never equal to this Compute in any particular place what is likely to be annually gained and what is likely to be annually spent, by all the different work men in any common trade such as that of

find that their annual gains bear but a very small proportion to their annual expense, even though you rate the former as high and the latter as low, as can well be done The lottery of the law therefore is very far from being a perfectly fair lottery and that as well as many other liberal and honourable professions, are in point of pecuniary gain, evidently under recompensed

good fortune

To excel in any profession in which but few arrive at mediocrity, is the most decisive mark of what is called genius or superior

mands a certain sort of admiration but of which the exercise for the sake of gain is con sidered, whether from reason or prejudice as a sort of public prostitution The pecuniary recompense, therefore, of those who exercise them in this manner must be sufficient not only to pay for the time labour and expense of acquiring the talents but for the discredit which attends the employment of them as the means of subsistence The exorbitant re-

despise their persons and yet reward their tal

ents with the most profuse liberality While we do the one however we must of necessity do the other Should the public opinion or prejudice

pations

quickly

to them and the competition would quickly reduce the price of their labour Such talents though far from being common are by no means so rare as is imagined Many people possess them in great perfection, who disdain to make this use of them, and many more are capable of acquiring them if anything could be made honourably by them

not some share of it The chance of gain is by every man more or less overvalued and the chance of loss is by most men under valued and by scarce any man who is in tolerable health and spirits, valued more than it is worth

That the chance of gain is naturally over valued, we may learn from the universal success of lotteries The world neither ever saw, nor ever will see, a perfectly fair lot tery or one in which the whole gain compen

though they know that even that small sum is perhaps twenty or thirty per cent more than the chance is worth In a lottery in which no prize exceeded twenty pounds though in other respects it approached much nearer to a perfectly fair one than the com mon state lotteries there would not be the same demand for tickets In order to have a better chance for some of the great prizes some people purchase several tickets, and others, small share in a still greater number There is not however a more certain proposition in mathematics than that the more tickets you adventure upon, the more likely you are to be a loser Adventure upon all the tickets in the lottery and you lose for tain and the greater the number of y ets the nearer you approach to this

That the chance of loss is frequently under valued and scarce ever valued more than it is worth we may learn from a very moderate profit of insurers In order to make insurance either from fire or sea risk a trade at all the common premium must be sufficient to compensate the common losses to pay the expense of management and to afford such a profit as might have been drawn from an equal capital employed in any common trade The person who pays no more than this evidently pays no more than the real value of the risk or the lowest price at which he can reasonably expect to insure it But though many people have made a little money by insurance very few have made a great fortune and from this consideration alone it seems evident enough that the ordinary balance of profit and loss is not more advantageous in this than in other common trades by which so many people make fortunes Moderate however as the premium of insurance commonly is many people despise the risk too much to care to pay it Taking the whole kingdom at an average nineteen houses in twenty or rather perhaps ninety nine in a hundred are not insured from fire Sea risk is more alarming to the greater part of people and the proportion of ships insured to those not insured is much greater Many sail, however at all seasons and even in time of war without any insurance This may sometimes perhaps be done without any imprudence When a great company or even a great merchant has twenty or thirty ships at sea they may as it were insure one another The premium saved upon them all may more than compensate such losses as they are likely to meet with in the common course of chances The neglect of insurance upon shipping however in the same manner as upon houses is in most cases the effect of no such nice calculation but of mere thoughtless rashness and presumptuous contempt of the risk

The contempt of risk and the presumptuous hope of success are in no period of life more active than at the age at which young people choose their professions How little the fear of misfortune is then capable of balancing the hope of good luck appears still more evidently in the readiness of the common people to enlist as soldiers or to go to sea than in the eagerness of those of better fashion to enter into what are called the liberal professions

What a common soldier may lose is obvious enough Without regarding the danger however young volunteers never enlist so readily as at the beginning of a new war and though they have scarce any chance of preferment they figure to themselves in their youthful fancies a thousand occasions of acquiring honour and distinction which never occur These romantic hopes make the whole price of their blood Their pay is less than that of common labourers and in actual service their fatigues are much greater

The lottery of the sea is not altogether so disadvantageous as that of the army The son of a creditable labourer or artificer may frequently go to sea with his father's consent, but if he enlists as a soldier, it is always without it Other people see some chance of his making something by the one trade nobody but himself sees any of his making anything by the other The great admiral is less the object of public admiration than the great general and the highest success in the sea service promises a less brilliant fortune and reputation than equal success in the land The same difference runs through all the inferior degrees of preferment in both By the rules of precedency a captain in the navy ranks with a colonel in the army but he does not rank with him in the common estimation As the great prizes in the lottery are less the smaller ones must be more numerous Common sailors therefore more frequently get some fortune and preferment than common soldiers and the hope of those prizes is what principally recommends the trade Though their skill and dexterity are much superior to that of almost any artificers and though their whole life is one continual scene of hardship and danger yet for all this dexterity and skill for all those hardships and dangers while they remain in the condition of common sailors they receive scarce any other recompense but the pleasure of exercising the one and of surmounting the other Their wages are not greater than those of common labourers at the port which regulates the rate of seamen s wages As they are continually going from port to port the monthly pay of those wh[illegible]
different [illegible]
upon [illegible]
in tho[illegible]
port t[illegible] [illegible]n the greatest number sail that is the port of London regulates that of all the rest At London the wages of the greater part of the different classes of workmen are about double those of the same classes at Edinburgh But the sailors who sail from the port of London seldom earn above three or four shillings a month more than those who sail from the port of Leith and the difference is frequently not so great In time of peace and in the merchant service, the London price is from a guinea to about seven and twenty shillings the calendar month A common labourer in London at the rate of nine or ten shillings a week may earn in the calendar month from forty to five and forty shillings The sailor indeed over and above

his pay, is supplied with provisions Their value, however, may not perhaps always exceed the difference between his pay and that

young people, seem frequently to recommend a trade to them A tender mother, among the inferior ranks of people is often afraid to send

from which we can hope to extricate our-

always
a spec
upon t
under

In all the different employments of stock, the ordinary rate of profit varies more or less with the certainty or uncertainty of the returns These are in general less uncertain in the inland than in the foreign trade, and in

The presumptuous hope of success seems to act here as upon all other occasions and to entice so many adventurers into those hazardous trades, that their competition reduces their profit below what is sufficient to com-

ford a surplus profit to the adventurers of the same nature with the profit of insurers But if the common returns were sufficient for all this bankruptcies would not be more fre-

ity with which it is attended In point of agreeableness, there is little or no difference in the far greater part of the different employments of stock but a great deal in those of labour and the ordinary profit of stock, though it rises with the risk, does not always seem to rise in proportion to it It should follow from all this, that, in the same society or neighbourhood the average and ordinary rates of profit in the different employments of stock should be more nearly upon a level than the pecuniary wages of the different sorts of labour *They are so accordingly* The difference between the earnings of a common labourer and those of a well employed lawyer or physician, is evidently much greater than that between the ordinary profits in any two

be considered as wages, from what ought to be considered as profit

Apothecaries' profit is become a bye word denoting something uncommonly extravagant This great apparent profit, however, is frequently no more than the reasonable wages

cost him above thirty or forty pounds Though he should sell them therefore, for three or

must be a tolerable judge too of, perhaps, fifty or sixty different sorts of goods their prices qualities and the markets where they are to be had cheapest He must have all the knowledge, in short that is necessary for a great merchant which nothing hinders him from becoming but the want of a sufficient capital Thirty or forty pounds a year cannot be considered as too great a recompense for the labour of a person so accomplished Deduct this from the seemingly great profits of his capital and little more will remain perhaps than the ordinary profits of stock The greater part of the apparent profit is in this case too real wages

The difference between the apparent profit of the retail and that of the wholesale trade, is much less in the capital than in small towns and country villages Where ten thousand pounds can be employed in the grocery trade, the wages of the grocer s labour make but a very trifling addition to the real profits of so great a stock The apparent profits of the wealthy retailer therefore are there more nearly upon a level with those of the wholesale merchant It is upon this account that goods sold by retail are generally as cheap and frequently much cheaper in the capital than in small towns and country villages Grocery goods for example are generally much cheaper bread and butcher s meat frequently as cheap It costs no more to bring grocery goods to the great town than to the country village but it costs a great deal more to bring corn and cattle as the greater part of them must be brought from a much greater distance The prime cost of grocery goods therefore being the same in both places they are cheapest where the least profit is charged upon them The prime cost of bread and butcher s meat is greater in the great town than in the country village and though the profit is less therefore they are not always cheaper there but often equally cheap In such articles as bread and butcher s meat the same cause which diminishes apparent profit increases prime cost The extent of the market by giving employment to greater stocks diminishes apparent profit but by requiring supplies from a greater distance it increases prime cost This diminution of the one and increase of the other seem in most cases nearly to counterbalance one another which is probably the reason that though the prices of corn and cattle are commonly very different in different parts of the kingdom those of bread and butcher s meat are generally very nearly the same through the greater part of it

Though the profits of stock both in the wholesale and retail trade are generally less in the capital than in small towns and country villages yet great fortunes are frequently acquired from small beginnings in the former, and scarce ever in the latter In small towns and country villages on account of the narrowness of the market trade cannot always be extended as stock extends In such places therefore though the rate of a particular person's profits may be very high the sum or amount of them can never be very great nor consequently that of his annual accumulation In great towns on the contrary trade can be extended as stock increases and the credit of a frugal and thriving man increases much faster than his stock His trade is extended in proportion to the amount of both and the sum or amount of his profits is in proportion to the extent of his trade and his annual accumulation in proportion to the amount of his profits It seldom happens however that great fortunes are made even in great towns by any one regular established and well known branch of business but in consequence of a long life of industry frugality and attention Sudden fortunes indeed are sometimes made in such places by what is called the trade of speculation The speculative merchant exercises no one regular established or well known branch of business He is a corn merchant this year and a wine merchant the next and a sugar tobacco or tea merchant the year after He enters into every trade when he foresees that it is likely to be more than commonly profitable and he quits it when he foresees that its profits are likely to return to the level of other trades His profits and losses therefore can bear no regular proportion to those of any one established and well known branch of business A bold adventurer may sometimes acquire a considerable fortune by two or three successful speculations but is just as likely to lose one by two or three unsuccessful ones This trade can be carried on nowhere but in great towns It is only in places of the most extensive commerce and correspondence that the intelligence requisite for it can be had

The five circumstances above mentioned though they occasion considerable inequalities in the wages of labour and profits of stock occasion none in the whole of the advantages and disadvantages real or imaginary of the different employments of either The nature of those circumstances is such that they make up for a small pecuniary gain in some and counterbalance a great one in others

In order however that this equality may take place in the whole of their advantages or disadvantages three things are requisite even where there is the most perfect freedom First the employments must be well known and long established in the neighbourhood secondly they must be in their ordi

nary or what may be called their natural state and thirdly, they must be the sole or principal employments of those who occupy them

First this equality can take place only in those employments which are well known and have been long established in the neighbourhood

Where all other circumstances are equal wages are generally higher in new than in old trades When a projector attempts to establish a new manufacture he must at first entice his workmen from other employments by higher wages than they can either earn in their own trades or than the nature of his work would otherwise require and a considerable time must pass away before he can venture to reduce them to the common level Manufactures for which the demand arises altogether from fashion and fancy are continual

the former kind Sheffield in those of the latter and the wages of labour in those two different places are said to be suitable to this difference in the nature of their manufactures

The establishment of any new manufacture of any new branch of commerce, or of any new practice in agriculture is always a speculation from which the projector promises himself extraordinary profits These profits sometimes are very great and sometimes more

mand In time of war when forty or fifty thousand sailors are forced from the merchant service into that of the king the demand for sailors to merchant ships necessarily rises with their scarcity and their wages upon such occasions commonly rise from a guinea and seven and twenty shillings to forty shillings and three pounds a month In a decaying manufacture on the contrary many workmen rather than quit their old trade are contented with smaller wages than would otherwise be suitable to the nature of their employment

The profits of stock vary with the price of the commodities in which it is employed As the price of any commodity rises above the ordinary or average rate, the profits of at least some part of the stock that is employed in bringing it to market rise above their proper level and as it falls they sink below it All commodities are more or less liable to variations of price but some are much more so than others In all commodities which are produced *by human industry, the quantity of* industry annually employed is necessarily regulated by the annual demand in such a manner that the average annual produce may as nearly as possible be equal to the average annual consumption In some employments it has already been observed the same quantity of industry will always produce the same or very nearly the same quantity of commodities In the linen or woollen manufactures for example the same number of hands will annually work up very nearly the same quantity of linen and woollen cloth The variations

of demand but with the much greater and more frequent variations of quantity and is consequently extremely fluctuating But the

modities are endeavours to buy

when he foresees that their price is likely to rise and to sell them when it is likely to fall

Thirdly this equality in the whole of the advantages and disadvantages of the different employments of labour and stock can take

place only in such as are the sole or principal employments of those who occupy them

When a person derives his subsistence from one employment which does not occupy the greater part of his time in the intervals of his leisure he is often willing to work as an other for less wages than would otherwise suit the nature of the employment

There still subsists in many parts of Scotland a set of people called Cotters or Cottagers though they were more frequent some years ago than they are now They are a sort of outservants of the landlords and farmers The usual reward which they receive from their masters is a house a small garden for pot herbs as much grass as will feed a cow and perhaps an acre or two of bad arable land When their master has occasion for their labour he gives them besides two pecks of oatmeal a week worth about sixteenpence sterling During a great part of the year he has little or no occasion for their labour and the cultivation of their own little possession is not sufficient to occupy the time which is left at their own disposal When such occupiers were more numerous than they are at present they are said to have been willing to give their spare time for a very small recompense to any body and to have wrought for less wages than other labourers In ancient times they

country labour requires at certain seasons The daily or weekly recompense which such labourers occasionally received from their masters was evidently not the whole price of their labour Their small tenement made a considerable part of it This daily or weekly recompense however seems to have been considered as the whole of it by many writers who have collected the prices of labour and provisions in ancient times and who have taken pleasures in representing both as wonderfully low

*The produce of such labour comes frequent*ly cheaper to market than would otherwise be suitable to its nature Stockings in many parts of Scotland are knit much cheaper than they can anywhere be wrought upon the loom They are the work of servants and labourers who derive the principal part of their subsistence from some other employment More than a thousand pair of Shetland stockings are annually imported into Leith of which the price is from fivepence to sevenpence a pair At Lerwick the small capital of the Shetland Islands tenpence a day I have been assured is a common price of common labour In the same islands they knit worsted stockings to the value of a guinea a pair and upwards

very scanty subsistence who endeavour to get their whole livelihood by either of those trades In most parts of Scotland she is a good spinner who can earn twentypence a week

In opulent countries the market is generally so extensive that any one trade is sufficient to employ the whole labour and stock of those who occupy it Instances of people s living by

k is to be found in the capital of a very

not only much cheaper in London than in Paris it is much cheaper than in Edinburgh of the same degree of goodness and what may seem extraordinary the dearness of house rent is the cause of the cheapness of lodging The dearness of house-rent in Lon

ness of ground rent every landlord acting the part of a monopolist and frequently exacting a higher rent for a single acre of bad land in a town than can be had for a hundred of the best in the country but it arises in part from the peculiar manners and customs of the people which oblige every master of a family to hire a whole house from top to bottom A dwelling house in England means everything that is contained under the same roof In France Scotland and many other parts of Europe it frequently means no more than a single story A tradesman in London is obliged to hire a whole house in that part of the town where his customers live His

no other means of subsistence and the price of the lodging must pay not only the rent of the house but the whole expense of the family

Part 2

Inequalities by the Policy of Europe

Such are the inequalities in the whole of *the advantages and disadvantages of the different employments of labour and stock which* the defect of any of the three requisites above mentioned must occasion even where there is the most perfect liberty But the policy of Europe by not leaving things at perfect liberty occasions other inequalities of much greater importance

It does this chiefly in the three following ways First by restraining the competition

ly by obstructing the free circulation of labour and stock both from employment to employment and from place to place

First the policy of Europe occasions a very important inequality in the whole of the advantages and disadvantages of the different employments of labour and stock by restraining the competition in some employments to a smaller number than might otherwise be disposed to enter into them

The exclusive privileges of corporations are the principal means it makes use of for this *purpose*

[illegible] lege of an incorporated

erly qualified is commonly the necessary requisite for obtaining this freedom The bye-laws of the corporation regulate sometimes the number of apprentices which any master is allowed to have and almost always the number of years which each apprentice is obliged to serve The intention of both regulations is to restrain the competition to a much smaller number than might otherwise be disposed to enter into the trade The limi

than one apprentice at a time by a bye law of the corporation In Norfolk and Norwich no master weaver can have more than two apprentices under pain of forfeiting five pounds a month to the king No master hatter can have more than two apprentices any where in England or in the English plantations under pain of forfeiting five pounds a month half to the king and half to him who shall sue in any court of record Both these

[illegible]

weavers in London had scarce been incorporated a year when they enacted a bye law restraining any master from having more than two apprentices at a time It required a particular Act of Parliament to rescind this bye law

Seven
all over
for the
greater
incorpor

sities which indeed is the proper Latin name for any incorporation whatever The univer

established the term of years which it was

corporations were much more ancient As to have wrought seven years under a master properly qualified was necessary in order to entitle any person to become a master and to have himself apprenticed in a common trade so to have studied seven years under a master properly qualified was necessary to entitle him to become a master teacher or doctor (words anciently synonymous) in the

ercised in England unless he had previously *served to it an apprenticeship of seven years* at least and what before had been the bye-law of many particular corporations became *in England the general* and public law of all trades carried on in market towns For

has not served a seven years apprenticeship to each they being necessary for the conveniency of the inhabitants, and the number of

people frequently not being sufficient to sup ply each with a particular set of hands

By a strict interpretation of the words too the operation of this statute has been lim ited to those trades which were established in England before the 5th of Elizabeth and has never been extended to such as have been introduced since that time This limitation has given occasion to several distinctions which considered as rules of police appear as foolish as can well be imagined It has been adjudged for example that a coachmaker can neither himself make nor employ journeymen to make his coach wheels but must buy them of a master wheel wright this latter trade having been exercised in England before the 5th of Elizabeth But a wheelwright though he has never served an apprenticeship to a coach maker may either himself make or employ journeyman to make coaches the trade of a coachmaker not being within the statute

the statute not having been exercised in Eng land before the 5th of Elizabeth

In France the duration of apprenticeships is different in different towns and in different trades In Paris five years is the term required in a great number but before any person can be qualified to exercise the trade as a master he must in many of them serve five years

sufficient to purchase the freedom of any cor poration The weavers of linen and hempen cloth the principal manufactures of the coun try as well as all other artificers subservient to them wheel makers reel makers etc may exercise their trades in any town corporate without paying any fine In all towns corpo rate all persons are free to sell butcher s meat upon any lawful day of the week Three years in Scotland is a common term of apprentice ship even in some very nice trades and in general I know of no country in Europe in which corporation laws are so little oppressive

The property which every man has in his own labour as it is the original foundation of

and to hinder him from employing this strength and dexterity of his hands and to

manifest encroachment upon the just liberty

to be employed may surely be trusted to the discretion of the employers whose interest it so much concerns The affected anxiety of the law giver lest they should employ an improp er person is evidently as impertinent as it is oppressive

The institution of long apprenticeships can give no security that insufficient workman ship shall not frequently be exposed to public sale When this is done it is generally the ef fect of fraud and not of inability and the

The institution of long apprenticeships has no tendency to form a young people to in

always is so because he has no immediate interest to be otherwise In the inferior em ployments the sweets of labour consist alto gether in the recompense of labour They who are soonest in a condition to enjoy the sweets of it are likely soonest to conceive a relish for it and to acquire the early habit of industry A young man naturally conceives an aversion to labour when for a long time he receives no benefit from it The boys who are put out apprentices from public charities are general ly bound for more than the usual number of years and they generally turn out very idle and worthless

fectly silent with regard to them I know no Greek or Latin word (I might venture I believe to assert that there is none) which expresses the idea we now annex to the word Apprentice a servant bound to work at a particular trade for the benefit of a master during a term of years upon condition that

the master shall teach him that trade

Long apprenticeships are altogether unnecessary The arts, which are much superior to common trades such as those of making clocks and watches contain no such mystery as to require a long course of instruction The first invention of such beautiful machines indeed and even that of some of the instruments employed in making them must no doubt have been the work of deep thought and long time and may justly be considered as among the happiest efforts of human ingenuity But when both have been fairly invented and are well understood to explain to any young man in the completest manner how to apply the instruments and how to construct the machines cannot well require more than the lessons of a few weeks perhaps those of a few days might be sufficient In the common mechanic trades those of a few days might certainly be sufficient The dexterity of hand indeed even in common trades cannot be acquired without much practice and experience But a young man would practice with much more diligence and attention if from the beginning he wrought as a journeyman being paid in proportion to the little work which he could execute and paying in his turn for the materials which he might sometimes spoil through awkwardness and inexperience His education would generally in this way be more effectual and always less tedious and expensive The master indeed would be a loser He would lose all the wages of the apprentice which he now saves for seven years together In the end perhaps the apprentice himself would be a loser In a trade so easily learnt he would have more competitors and his wages when he came to be a complete workman would be much less than at present The same increase of competition would reduce the profits of the masters as well as the wages of the workmen The trades the crafts the mysteries would all be losers But the public would be a gainer the work of all artificers coming in this way much cheaper to market

It is to prevent this reduction of price and consequently of wages and profit by restraining that free competition which would most certainly occasion it that all corporations and the greater part of corporation laws have been established In order to erect a corporation no other authority in ancient times was requisite in many parts of Europe but that of the town corporate in which it was established In England indeed a charter from the king was likewise necessary But this prerogative of the crown seems to have been reserved rather for extorting money from the subject than for the defence of the common liberty against such oppressive monopolies Upon paying a fine to the king the charter seems generally to have been readily granted and when any particular class of artificers or traders thought proper to act as a corporation without a charter such adulterine guilds as they were called were not always disfranchised upon that account but obliged to fine annually to the king for permission to exercise their usurped privileges[1] The immediate inspection of all corporations and of the bye-laws which they might think proper to enact for their own government belonged to the town corporate in which they were established and whatever discipline was exercised over them proceeded commonly not from the king but from the greater incorporation of which those subordinate ones were only parts or members

The government of towns corporate was altogether in the hands of traders and artificers and it was the manifest interest of every particular class of them to prevent the market from being overstocked as they commonly express it with their own particular species of industry which is in reality to keep it always understocked Each class was eager to establish regulations proper for this purpose and provided it was allowed to do so was willing to consent that every other class should do the same In consequence of such regulations indeed, each class was obliged to buy the goods they had occasion for from every other within the town somewhat dearer than they otherwise might have done But in recompense they were enabled to sell their own just as much dearer so that so far it was as broad as long as they say and in the dealings of the different classes within the town with one another none of them were losers by these regulations But in their dealings with the country they were all great gainers, and in these latter dealings consists the whole trade which supports and enriches every town

Every town draws its whole subsistence and all the materials of its industry from the country It pays for these chiefly in two ways first by sending back to the country a part of those materials wrought up and manufactured in which case their price is augmented by the wages of the workmen and the profits of their masters or immediate employers secondly by sending to it a part both of the rude and manufactured produce either of other countries or of distant parts of the same country imported into the town in which case too the original price of those goods is augmented by the wages of the carriers or sailors, and by the profits of the merchants who employ them In what is gained upon the first of those two branches of commerce consists the advantage which the town makes by its manufactures in what is gained

[1] See Madox *Firma Burgi* p 26 etc.

upon the second the advantage of its inland and foreign trade The wages of the work men and the profits of their different em

enable the town to purchase with a smaller

advantage over the landlords farmers and labourers in the country and break down that natural equality which would otherwise take place in the commerce which is carried on between them The whole annual produce of the labour of the society is annually divided between those two different sets of people By means of those regulations a greater share of it is given to the inhabitants of the town than would otherwise fall to them and a less to those of the country

The price which the town really pays for the provisions and materials annually im ported into it is the quantity of manufactures and other goods annually exported from it The dearer the latter are sold the cheaper the former are bought The industry of the town becomes more and that of the country less advantageous

That the industry which is carried on in towns is everywhere in Europe more ad vantageous than that which is carried on in the country without entering into any very nice computations we may satisfy ourselves by one very simple and obvious observation In every country of Europe we find at least a hundred people who have acquired great for tunes from small beginnings by trade and manufactures the industry which properly belongs to towns for one who has done so by that which properly belongs to the coun try the raising of rude produce by the im provement and cultivation of land Industry, therefore must be better rewarded the wages of labour and the profits of stock must evi dently be greater in the one situation than in the other But stock and labour naturally seek the most advantageous employment

The most insignificant trades carried on in towns have accordingly in some place or other been incorporated and even where they have never been incorporated yet the corporation spirit the jealousy of strangers the aversion to take apprentices or to com municate the secret of their trade generally prevail in them and often teach them by voluntary associations and agreements to

wool combers perhaps are necessary to keep

to themselves and raise the price of their la bour much above what is due to the nature of their work

The inhabitants of the country, dispersed in distant places cannot easily combine to gether They have not only never been in corporated but the corporation spirit never has prevailed among them No apprentice

the liberal professions however there is

among the wisest and most learned nations it has never been regarded as a matter very easily understood And from all those volumes we shall in vain attempt to collect that knowl edge of its various and complicated opera tions which is commonly possessed even by the common farmer how contemptuously so ever the very contemptible authors of some of them may sometimes affect to speak of him. There is scarce any common mechanic trade on the contrary of which all the operations may not be as completely and distinctly ex plained in a pamphlet of a very few pages as it is possible for words illustrated by figures to explain them In the history of the arts now publishing by the French Academy of Sciences several of them are actually ex plained in this manner The direction of oper ations besides which must be varied with every change of the weather as well as with many other accidents requires much more judgment and discretion than that of those which are always the same or very nearly the same

Not only the art of the farmer the gen eral direction of the operations of husbandry but many inferior branches of country la bour require much more skill and experience than the greater part of mechanic trades The man who works upon brass and iron works with instruments and upon materials of which the temper is always the same or very nearly the same But the man who ploughs the ground with a team of horses or oxen works with instruments of which the health strength and temper are very different upon different occasions The condition of the ma

is less accustomed indeed, to social intercourse than the mechanic who lives in a town His voice and language are more un

ranks of people in the country are really superior to those of the town is well known to every man whom either business or curiosity

the country is not altogether owing to corporations and corporation laws It is supported by many other regulations The high duties upon foreign manufactures and upon all goods imported by alien merchants all tend to the same purpose Corporation laws enable the inhabitants of towns to raise their prices without fearing to be undersold by the free competition of their own countrymen.

bourers of the country who have seldom op-

vate interest of a part and of a subordinate part of the society is the general interest of the whole

In Great Britain the superiority of the industry of the towns over that of the country seems to have been greater formerly than in the present times The wages of country la

as the necessary, though very late consequence of the extraordinary encouragement given to the industry of the towns The stock accumulated in them comes in time to be so great that it can no longer be employed with the ancient profit in that species of industry which is peculiar to them That industry has its limits like every other and the increase of stock, by increasing the competition, necessarily reduces the profit The lowering of profit in the town forces out stock to the country, where by creating a new demand for country labour, it necessarily raises its

time to demonstrate that, though some countries have by this course attained to a con

People of the same trade seldom meet to-

der people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies much less to render them necessary

A regulation which obliges all those of the

A regulation which enables those of the same trade to tax themselves in order to provide for their poor their sick their widows and orphans by giving them a common interest to manage renders such assemblies necessary

An incorporation not only renders them necessary, but makes the act of the majority

binding upon the whole In a free trade an effectual combination cannot be established but by the unanimous consent of every single trader and it cannot last longer than every single trader continues of the same mind The majority of a corporation can enact a bye law with proper penalties which will limit the competition more effectually and more durably than any voluntary combination whatever

The pretence that corporations are necessary for the better government of the trade [illegible]

[illegible]

corrects his negligence An exclusive corporation necessarily weakens the force of this discipline A particular set of workmen must then be employed let them behave well or ill It is upon this account that in many large incorporated towns no tolerable workmen are to be found even in some of the most necessary trades If you would have your work tolerably executed it must be done in the suburbs where the workmen having no exclusive privilege have nothing but their character to depend upon and you must then smuggle it into the town as well as you can

It is in this manner that the policy of Europe by restraining the competition in some employments to a smaller number than would otherwise be disposed to enter into them occasions a very important inequality in the whole of the advantages and disadvantages of the different employments of labour and stock

Secondly the policy of Europe by increasing [illegible]

[illegible] vantages of the different employments of labour and stock

It has been considered as of so much importance that a proper number of young people should be educated for certain professions that sometimes the public and sometimes the piety of private founders have established many pensions scholarships exhibitions bursaries etc for this purpose which draw many more people into those trades than could otherwise pretend to follow them In all Christian countries I believe the education of the greater part of churchmen is paid for in this manner Very few of them are [illegible]

crowded with people who in order to get

would be indecent no doubt to compare either a curate or a chaplain with a journeyman in any common trade The pay of a curate [illegible]

the fourteenth century, five merks containing about as much silver as ten pounds of our present money was in England the usual pay of a curate or a stipendiary parish priest as we find it regulated by the decrees of several different national councils At the same period fourpence a day containing the same quantity of silver as a shilling of our present money was declared to be the pay of a master mason and threepence a day equal to ninepence of our present money that of a journeyman mason[1] The wages of both these labourers therefore supposing them to have been constantly employed were much superior to those of the curate The wages of the master mason supposing him to have been without employment one third of the year would have fully equalled them By the 12th of Queen Anne c 12 it is declared "That whereas for want of sufficient maintenance and encouragement to curates the cures have in several places been meanly supplied the bishop is therefore empowered to appoint by writing under his hand and seal a sufficient certain stipend or allowance not exceeding [illegible]

curacies under twenty pounds a year There are journeymen shoemakers in London who earn forty pounds a year and there is scarce an industrious workman of any kind in that metropolis who does not earn more than twenty This last sum indeed does not exceed what is frequently earned by common labourers in many country parishes Whenever the law has attempted to regulate the wages of workmen it has always been rather to lower them than to raise them But the law has upon many occasions attempted to raise the wages of curates and for the dignity of the church to oblige the rectors of parishes to give them more than the wretched maintenance which they themselves might be willing to accept of And in both cases the law seems to have been equally ineffectual

[1] See the Statute of Labourers 25 Ed III

and has never either been able to raise the *wages of curates, or to sink those of labour-*

the legal allowance, on account of the indigence of their situation and the multitude of their competitors, or the other from receiving more, on account of the contrary competition of those who expected to derive either

pensation even to them for the meanness of

a sufficient number of learned, decent, and respectable men into holy orders

great as to sink very much their pecuniary reward It might then not be worth any man's while to educate his son to either of those professions at his own expense They would be entirely abandoned to such as had been educated by those public charities, whose numbers and necessities would oblige them in general to content themselves with a very miserable recompense, to the entire degradation of the now respectable professions of law and physic

That unprosperous race of men commonly called men of letters are pretty much in the

communicating to other people the curious and useful knowledge which he had acquired himself and this is still surely a more hon

ourable, a more useful, and in general even

for the greatest practitioners in law and physic. But the usual reward of the eminent teacher bears no proportion to that of the

cated at their own The usual recompense, *however, of public and private teachers, small* as it may appear, would undoubtedly be less than it is, if the competition of those yet more indigent men of letters who write for bread was not taken out of the market Before the invention of the art of printing, a scholar and

this kind had been established for the education of indigent people to the learned professions, the rewards of eminent teachers appear to have been much more considerable Iso-

to be wise, to be happy, and to be just, and

shillings and eightpence, from each scholar When he taught at Athens, he is said to have had a hundred scholars I understand this to be the number whom he taught at one time, or who attended what we could call one course of lectures, a number which will not appear extraordinary from so great a city to so famous a teacher, who taught, too, what w

at that time the most fashionable of all sciences rhetoric He must have made therefore [illegible]

have been his *Didactic* [illegible] teaching Many other eminent teachers in those times appear to have acquired great fortunes Gorgias made a present to the temple of Delphi of his own statue in solid gold We must not I presume suppose that it was *as large as the life* His way of living as well as that of Hippias and Protagoras two other [illegible]

tutor to Alexander [illegible] both by [illegible] t worth [illegible] Athens [illegible] school [illegible] ably in those times less common than they came to be *in an age or two afterwards when the com*petition had probably somewhat reduced both the price of their labour and the admiration for their persons The most eminent of them however *appear always to have enjoyed a* degree of consideration much superior to any of the like profession in the present times The Athenians sent Carneades the Academic and Diogenes the Stoic upon a solemn embassy to Rome and though their city had then declined from its former grandeur it was still an independent and considerable republic Carneades too was a Babylonian by birth and as there never was a people more jealous of admitting foreigners to public offices than the Athenians their consideration for him must have been very great

[illegible] perhaps [illegible]

of a public teacher [illegible] ary education is surely an advantage which greatly overbalances this trifling inconveniency The public too might derive still greater benefit from it if the constitution of *those schools and colleges in which education* [illegible] was more reasonable than it is [illegible] Europe [illegible] obstruct [illegible] nd stock both from employment to employment and from place to place occasions in some cases a very inconvenient inequality in the whole of the advantages *and disadvantages of their different* employments

The Statute of Apprenticeship obstructs the free circulation of labour from one employment to another *even in the same place*

The exclusive privileges of corporations [illegible] struct it from one place to another even [illegible] the same employment

It frequently happens that while high wag[es] are given to the workmen in one manufa[c]ture those in another are obliged to conte[nt] themselves with bare *subsistence* The [illegible] is in an advancing state and has therefo[re] [illegible] for new hands the oth[er] [illegible]

much alike that the workmen could eas[ily] change trades with one another if those a[b]surd laws did not hinder them The arts [of] weaving plain linen and plain silk for exa[m]ple are almost entirely the same That [of] *weaving plain woollen is somewhat differe[nt]* but the difference is so insignificant that [ei]ther a linen or a silk weaver might beco[me] a tolerable workman in a very few da[ys] *If any of those three capital manufactur[es]* [illegible]

thriving nor sink too low in the [illegible] manufacture The linen manufacture inde[ed] is in England by a particular statute op[en] to everybody but as it is not much cul[ti]*vated through the greater part of the cou[n]*try it can afford no general resource to t[he] workmen of other decaying manufactur[es] who wherever the Statute of Apprenticesh[ip] *takes place have no other choice but eith[er]* to come upon the parish or to work as co[m]mon labourers for which by their habi[ts] they are much worse qualified than for a[ny] *sort of manufacture that bears any rese[m]blance to their own* They generally ther[e]fore choose to come upon the parish

Whatever obstructs the free circulat[ion] *of labour from one employment to anoth[er]* obstructs that of stock likewise the qua[n]tity of stock which can be employed in a[ny] branch of business depending very mu[ch] upon that of the labour which *can be e[m]ploye[d]* in it Corporation laws howeve[r] give less obstruction to the free circulat[ion] of stock from one place to another than [illegible] [illegible] much eas[illegible] pr[illegible] [th]an f[illegible] king [illegible] it.

The obstruction which corporation laws give to the free circulation of labour is common, I believe, to every part of Europe That which is given to it by the Poor Laws is so far as I know, peculiar to England It consists in the difficulty which a poor man finds in obtaining a settlement, or even in being allowed to exercise his industry in any parish but that to which he belongs It is the labour of artificers and manufacturers only of which the free circulation is obstructed by corporation laws The difficulty of obtaining settlements obstructs even that of common labour It may be worth while to give some account of the rise, progress, and present state of this disorder, the greatest perhaps of any in the police of England

When by the destruction of monasteries the poor had been deprived of the charity of those religious houses, after some other ineffectual attempts for their relief, it was enacted by the 43rd of Elizabeth, c 2, that *every parish should be bound to provide for its own poor;* and that *overseers* of the poor should be annually appointed, who, with the churchwardens, should raise by a parish rate competent sums for this purpose

By this statute the necessity of providing for their own poor was indispensably imposed upon every parish Who were to be considered as the poor of each parish became, therefore, a question of some importance This question, after some variation was at last determined by the 13th and 14th of Charles II when it was enacted, that forty days' undisturbed residence should gain any person a settlement in any parish but that within that time it should be lawful for two justices of the peace, upon complaint made by the churchwardens or overseers of the poor, to remove any new inhabitant to the parish where he was last legally settled unless he either rented a tenement of ten pounds a year, or could give such security for the discharge of the parish where he was then living, as those justices should judge sufficient

Some frauds it is said were committed in consequence of this statute parish officers sometimes bribing their own poor to go clandestinely to another parish and by keeping themselves concealed for forty days to gain a settlement there to the discharge of that to which they properly belonged It was enacted therefore by the 1st of James II that the forty days undisturbed residence of any person necessary to gain a settlement should be accounted only from the time of his delivering notice in writing of the place of his abode and the number of his family, to one of the churchwardens or overseers of the parish where he came to dwell

But parish officers, it seems, were not always more honest with regard to their own, than they had been with regard to other parishes, and sometimes connived at such intrusions, receiving the notice, and taking no proper steps in consequence of it As every person in a parish, therefore, was supposed to have an interest to prevent as much as possible their being burdened by such intruders, it was further enacted by the 3rd of William III that the forty days' residence should be accounted only from the publication of such notice in writing on Sunday in the church, immediately after divine service

"After all," says Doctor Burn, "this kind of settlement, by continuing forty days after publication of notice in writing, is very seldom obtained, and the design of the acts is not so much for gaining of settlements, as for the avoiding of them, by persons coming into a parish clandestinely for the giving of notice is only putting a force upon the parish to remove But if a person's situation is such, that it is doubtful whether he is actually removable or not, he shall by giving of notice compel the parish either to allow him a settlement uncontested, by suffering him to continue forty days, or, by removing him, to try the right"

This statute, therefore, rendered it almost impracticable for a poor man to gain a new settlement in the old way by forty days inhabitancy But that it might not appear to preclude altogether the common people of one parish from ever establishing themselves with security in another it appointed four other ways by which a settlement might be gained without any notice delivered or published The first was by being taxed to parish rates and paying them the second by being elected into an annual parish office and serving in it a year the third by serving an apprenticeship in the parish the fourth by being hired into service there for a year, and continuing in the same service during the whole of it

Nobody can gain a settlement by either of the two first ways but by the public deed of the whole parish, who are too well aware of the consequences to adopt any new-comer who has nothing but his labour to support him either by taxing him to parish rates, or by electing him into a parish office

No married man can well gain any settlement in either of the two last ways An apprentice is scarce ever married and it is expressly enacted that no married servant shall gain any settlement by being hired for a year The principal effect of introducing settlement by service has been to put out in a great measure the old fashion of hiring for a year wh before had been so customary in r

that even at this day, if no particular term is agreed upon the law intends that every servant is hired for a year But masters are not always willing to give their servants a settlement by hiring them in this manner and servants are not always willing to be so hired, because, as every last settlement discharges all the foregoing they might thereby lose their original settlement in the places of their nativity, the habitation of their parents and relations

No independent workman it is evident, whether labourer or artificer is likely to gain any new settlement either by apprenticeship ... person therefore

... peace should judge ... they shall require indeed is left altogether to their discretion but they cannot well require less than thirty pounds it having been enacted that the purchase even of a freehold estate of less than thirty pounds' value shall not gain any person a settlement as not being sufficient for the discharge of the parish But this is a security which scarce any man who lives by labour can give and much greater security is frequently demanded

In order to restore in some measure that free circulation of labour which those different statutes had almost entirely taken away, the invention of certificates was fallen upon By the 8th and 9th of William III it was enacted that if any person should bring a certificate from the parish where he was last legally settled subscribed by the churchwardens and overseers of the poor and allowed ... count of his being likely to ... able but only upon his becoming actually chargeable and that then the parish which granted the certificate should be obliged to pay the expense both of his maintenance and of his removal And in order to give the most perfect security to the parish where such certificated man should come to reside it was further enacted by the same statute that he should gain no settlement there by any means whatever, except either by renting a tenement of ten pounds a year, or by serving upon his own account in an annual parish office for one whole year and consequently neither by notice, nor by service nor by apprenticeship nor by paying parish rates By the 12th of ...

... free circulation of labour which the preceding statutes had almost entirely taken away, we may learn from the following very judicious observation of Doctor Burn 'It is obvious," says he, 'that there are divers good reasons for requiring certificates with persons coming to settle in any place, namely, that persons residing under them can gain no settlement, neither by apprenticeship, nor by service, nor by giving notice, nor by paying parish rates that they can settle neither apprentices nor servants that if they become chargeable it is certainly known whither to ... paid for ... ance in ... ck and ... h gave the certificate must maintain them none of all which can be without a certificate Which reasons will hold proportionably for parishes not granting certificates in ordinary cases for it is far more than an equal chance, but that they will have the certificated persons again and in a worse condition' The moral of this observation seems to be that certificates ought always to be required by the parish ... poor man comes to reside and that ... r that ... some ... certifi ... uthor in his *History of the Poor Laws* by putting it in the power of a parish officer to imprison a man as it were for life however inconvenient it may be for him to continue at that ... to ac... tever ... lw

Though a certificate carries along ... that ... certifies ... s to the ... it is al... officers ... andamus was once moved for, says Doctor Burn to compel the churchwardens and overseers to sign a certificate but the court of King's Bench rejected the motion as a very strange attempt

The very unequal price of labour which we frequently find in England in places at no great distance from one another is probably owing to the obstruction which the law of settlements gives to a poor man who would carry his industry from one parish to another

without a certificate A single man indeed who is healthy and industrious may sometimes reside by sufferance without one but a man with a wife and family who should attempt to do so would in most parishes be sure of being removed and if the single man should afterwards marry he would generally be removed likewise The scarcity of hands

culty of settlement In such countries though wages may sometimes rise a little in the

to the common rate of the country yet we

... times separate very distinctly different rates of wages in other countries

To remove a man who has committed no misdemeanour from the parish where he chooses to reside is an evident violation of

century together suffered themselves to be exposed to this oppression without a remedy Though men of reflection too have sometimes complained of the law of settlements as a public grievance yet it has never been the object of any general popular clamour such as that against general warrants an

rate wages, first by general laws extending

endeavours to bring under strict regulations, what in its own nature seems incapable of minute limitation for if all persons in the same kind of work were to receive equal wages there would be no emulation and no room left for industry or ingenuity "

Particular Acts of Parliament however still attempt sometimes to regulate wages in particular trades and in particular places Thus the 8th of George III prohibits under heavy penalties all master tailors in London

ences between masters and their workmen its counsellors are always the masters When the

but the 8th of George III is in favour of the masters When masters combine together in order to reduce the wages of their workmen they commonly enter into a private bond or agreement not to give more than a certain wage under a certain penalty Were the workmen to enter into a contrary combination of

seems perfectly well founded

In ancient times too it was usual to attempt to regulate the profits of merchants and other dealers by rating the price both of provisions and other goods The assize of bread is so far as I know the only remnant of this ancient usage Where there is an exclusive corporation it may perhaps be proper to regulate the price of the first necessary of

iency and the establishment of one in the few places where it has yet taken place has produced no sensible advantage In the greater part of the towns of Scotland however there is an incorporation of bakers who claim exclusive privileges, though they are not very strictly guarded

The proportion between the different rates both of wages and profit in the different employments of labour and stock seems not to be much affected as has already been observed by the riches or poverty the advancing stationary or declining state of the society Such revolutions in the public welfare though they affect the general rates both of wages and profit must in the end affect them equally in all different employments The proportion between them therefore, must remain the same and cannot well be altered at least for any considerable time by any such revolutions

CHAPTER XI

Of the Rent of Land

Rent considered as the price paid for the use of land is naturally the highest which the tenant ca[illegible]n the actual circumstances o[illegible] the lease [illegible] him no greater share [illegible] what is sufficient to keep up the stock from which he furnishes the seed pays the labour and purchases and maintains the cattle and other instruments of husbandry together with the ordinary profits of farming stock in the neighbourhood This is evidently the smallest share with which the tenant can content himself without being a loser and the landlord seldom means to leave him any more What ever part of the produce or what is the same thing whatever part of its price is over and above this share he naturally endeavours to reserve to himself as the rent of his land which is evidently the highest the tenant can afford to pay in the actual circumstances of the land Sometimes indeed the liberality more frequently the ignorance of the landlord makes him accept of somewhat less than this portion and sometimes too though more rarely the ignorance of the tenant makes him undertake to pay somewhat more or to content himself with somewhat less than the ordinary profits of farming stock in the neighbourhood This portion however may still be considered as the natural rent of land or the rent for which it is naturally meant that land should for the most part be let

The rent of land it may be thought is frequently no more than a reasonable profit or interest for the stock laid out by the landlord upon its improvement This no doubt may be partly the case upon some occasions for it can scarce ever be more than partly the case The landlord demands a rent even for unimproved land and the supposed interest or profit upon the expense of improvement is generally an addition to this original rent Those improvements besides are not always made by the stock of the landlord but sometimes by that of the tenant When the lease comes to be renewed however the landlord commonly demands the same augmentation of rent as if they had been all made by his own

He sometimes demands rent for what is altogether incapable of human improvement Kelp is a species of sea-weed which when burnt yields an alkaline salt useful for making glass soap and for several other purposes It grows in several parts of Great Britain particularly in Scotland upon such rocks only as lie within the high water mark which are twice every day covered with the sea and of which the produce therefore was never augmented by human industry The landlord however whose estate is bounded by a kelp shore of this kind demands a rent for it as much as for his corn fields

The sea in the neighbourhood of the islands of Shetland is more than commonly abundant in fish which makes a great part of the subsistence of their inhabitants But in order to profit by the produce of the water they must have a habitation upon the neighbouring land The rent of the landlord is in proportion not to what the farmer can make by the land but to what he can make both by the land and by the water It is partly paid in sea fish and one of the very few instances in which rent makes a part of the price of that commodity is to be found in that country

The rent of the land therefore considered as the price paid for the use of the land is naturally a monopoly price It is not at all proportioned to what the landlord may have laid out upon the improvement of the land or to what he can afford to take but to what the farmer can afford to give

Such parts only of the produce of land can commonly be brought to market of which the ordinary price is sufficient to replace the stock which must be employed in bringing them thither together with its ordinary profits If the ordinary price is more than this the surplus part of it will naturally go to the rent of land If it is not more though the commodity may be brought to market it can afford no rent to the landlord Whether the price is or is not more depends upon the demand

There are some parts of the produce of land for which the demand must always be such as to afford a greater price than what is sufficient to bring them to market and there are

others for which it either may or may not be such as to afford this greater price The former must always afford a rent to the landlord The latter sometimes may, and sometimes may not, according to different circumstances

Rent, it is to be observed, therefore, enters into the composition of the price of commod-

price is high or low. But it is because its price

is high or low; a great deal more, or very little more, or no more, than what is sufficient to pay those wages and profit, that it affords a high rent, or a low rent, or no rent at all

The particular consideration, first, of those parts of the produce of land which always afford some rent, secondly, of those which

two different sorts of rude produce, when compared both with one another and with manufactured commodities, will divide this chapter into three parts.

Part I

Of the Produce of Land which always affords Rent

As men, like all other animals, naturally multiply in proportion to the means of their subsistence, food is always, more or less, in

in which that labour is ever maintained The surplus, too, is always more than sufficient

The most desert moors in Norway and Scotland produce some sort of pasture for cattle, of which the milk and the increase are always

tains a greater number of cattle, but as they are brought within a smaller compass, less labour becomes requisite to tend them, and to

The rent of land not only varies with its

of the country Though it may cost no more labour to cultivate the one than the other, it

drawn both the profit of the farmer and the rent of the landlord, must be diminished But in remote parts of the country the rate of profits, as has already been shown, is generally higher than in the neighbourhood of a large town A smaller proportion of this diminished surplus, therefore, must belong to the landlord

Good roads, canals, and navigable rivers, by diminishing the expense of carriage, put the remote parts of the country more nearly

ways be the most extensive circle of the coun-

versally established but in consequence of that free and universal competition which

remoter counties they pretended from the cheapness of labour would be able to sell their grass and corn cheaper in the London market than themselves and would thereby reduce their rents and ruin their cultivation Their rents however have risen and their cultivation has been improved since that time

A cornfield of moderate fertility produces a much greater quantity of food for man than the best pasture of equal extent Though its cultivation requires much more labour yet

meat therefore was never supposed to be worth more than a pound of bread this greater surplus would everywhere be of greater value and constitute a greater fund both for the profit of the farmer and the rent of the landlord It seems to have done so universally in the rude beginnings of agriculture

But the relative values of those two different species of food bread and butcher s meat are very different in the different periods of agriculture In its rude beginnings the unimproved wilds which then occupy the far greater part of the country are all abandoned to cattle There is more butcher s meat than bread and bread therefore is the food for which there is the greatest competition and which consequently brings the greatest price At Buenos Ayres we are told by Ulloa four reals one and twenty pence halfpenny sterling was forty or fifty years ago the ordinary price of an ox chosen from a herd of two or three hundred He says nothing of the price of bread probably because he found nothing remarkable about it An ox there he says cost little more than the labour of catching

Potosi the money price of labour could not be very cheap It is otherwise when cultivation is extended over the greater part of the country There is then more bread than

ply the demand for butcher s meat A great

weight or goodness sold at the same price as those which are reared upon the most improved land The proprietors of those moors profit by it and raise the rent of their land in proportion to the price of their cattle It is not more than a century ago that in many parts of the highlands of Scotland butcher s meat was as cheap or cheaper than even bread made of oatmeal The *union opened* the market of England to the highland cattle Their ordinary price is at present about three times greater than at the beginning of the century and the rents of many highland estates have been tripled and quadrupled in the same time In almost every part of Great Britain a pound of the best butcher s meat is in the present times generally worth more than two pounds of the best white bread and in plentiful years it is sometimes worth three or four pounds

It is thus that in the progress of improvement the rent and profit of *unimproved* pasture come to be regulated in some measure by the rent and profit of *what is improved* and these again by the rent and profit of

species of food than of the other the inferiority of the quantity must be compensated by the superiority of the price If it was more than compensated more corn land would be turned into pasture and if it was not compensated part of what was in pasture would be brought back into corn

This equality however between the rent and profit of grass and those of corn of the land of which the immediate produce is food for cattle and of that of which the immediate produce is food *for men* must be understood to take place only through the greater part of the improved lands of a great country In some particular local situations it is quite otherwise and the rent and profit of grass are much superior to what can be made by corn

Thus in the neighbourhood of a great town the demand for milk and for forage to horses frequently contribute together with the high price of butcher s meat, to raise the value of grass above what may be called its natural proportion to that of corn This local advantage it is evident cannot be communicated to the lands at a distance

Particular circumstances have sometimes rendered some countries so populous that the whole territory like the lands in the neighbourhood of a great town has not been sufficient to produce both the grass and the corn necessary for the subsistence of their inhabitants Their lands therefore have been prin

cipally employed in the production of grass,

foreign countries Holland is at present in this situation, and a considerable part of an-

well the second, and to feed ill, the third To plough he ranked only in the fourth place of profit and advantage Tillage, indeed in that part of ancient Italy which lay in the neighbourhood of Rome, must have been very much discouraged by the distributions of corn which were frequently made to the peo-

price

quered

taxes,

their

produce at a stated price, about sixpence a peck, to the republic The low price at which this corn was distributed to the people must necessarily have sunk the price of what could be brought to the Roman market from Latium, or the ancient territory of Rome, and must have discouraged its cultivation in that country

In an open country too, of which the principal produce is corn, a well-enclosed piece of grass will frequently rent higher than any corn field in its neighbourhood It is convenient for the maintenance of the cattle em-

neighbouring lands are completely enclosed The present high rent of enclosed land in

disturbed by their keeper or his dog

But where there is no local advantage of

and profit of pasture

The use of the artificial grasses, of turnips, carrots, cabbages, and the other expedients which have been fallen upon to make an equal quantity of land feed a greater number of cattle than when in natural grass, should somewhat reduce, it might be expected, the superiority which, in an improved country, the price of butcher's meat naturally has over that of bread It seems accordingly to have done so, and there is some reason for

of the last century

ters of an ox weighing six hundred pounds usually cost him nine pounds ten shillings, or thereabouts, that is, thirty one shillings and eightpence per hundred pounds weight Prince Henry died on the 6th of November 1612, in the nineteenth year of his age

In March 1764, there was a Parliamentary inquiry into the causes of the high price of provisions at that time It was then, among

ordinary price, whereas in that dear year, he

and it is the best beef only, it must be observed, which is fit to be salted for those distant voyages

The price paid by Prince Henry amounts to 3¾d per pound weight of the whole carcase, coarse and choice pieces taken together, and at that rate the choice pieces could not have been sold by retail for less than 4½d or 5d the pound

In the Parliamentary inquiry in 1764, the

During the twelve first years of the last century, the average price of the best wheat at the Windsor market was £1 18s 3½d the quarter of nine Winchester bushels

But in the twelve years preceding 1764, including that year, the average price of the same measure of the best wheat at the same market was £2 1s 9½d

In all great countries ...

ed more, some part of ... pasture would soon be turned to that produce

Those productions indeed, which require either a greater original expense of improvement, or a greater annual expense of cultivation, in order to fit the land for them, appear commonly to afford the one a greater rent, the other a greater profit than corn or pasture This superiority, however, will seldom be found to amount to more than a reasonable interest or compensation for this superior expense

In a hop garden, a fruit garden, a kitchen garden, both the rent of the landlord, and the profit of the farmer, are generally greater than in a corn or grass field But to bring the ground into this condition requires more expense Hence a greater rent becomes due to the landlord It requires, too, a more attentive and skilful management Hence a greater profit becomes due to the farmer The crop too, at least in the hop and fruit garden, is *more precarious* Its price, therefore, besides compensating all occasional losses, must afford something like the profit of insurance The circumstances of gardeners, generally mean, and always moderate, may satisfy us that their great ingenuity is not commonly over recompensed Their delightful art is prac- ... people for amusement

productions

The advantage which the landlord derives from such improvements seems at no time to have been greater than what was sufficient to compensate the original expense of making them In the ancient husbandry, after the ...

bricks baked in the sun) mouldered with the rain, and the winter storm, and required continual repairs Columella, who reports this judgment of Democritus, does not controvert it, but proposes a very frugal method of enclosing with a hedge of brambles and briars, which, he says, he had found by experience to be both a lasting and an impenetrable ...

before been recommended by Varro ... judgment of those ancient improvers, the produce of a kitchen garden had, it seems, ...

thought proper, in those times as in the present, to have the command of a stream of water which could be conducted to every bed in the garden Through the greater part of Europe a kitchen garden is not at present supposed to deserve a better enclosure than that recommended by Columella In Great Britain, and some other northern countries, the finer fruits cannot be brought to perfection but by the assistance of a wall Their price, therefore, in such countries must be sufficient to pay the expense of building and maintaining what they cannot be had without The fruit wall frequently surrounds the kitchen garden, which thus enjoys the benefit of an enclosure which its own produce could seldom pay for

That the vineyard, when properly planted ... was the most val- ... en ... ul ... the ... wine ... ta- geous to plant a new vineyard was a matter of dispute among the ancient Italian husbandmen, as we learn from Columella He decides, like a true lover of all curious cultivation, in favour of the vineyard, and endeavours to show by a comparison of the profit and ex- ... im- ...

a matter of controversy in the wine ... Their writers on agriculture, indeed, the lovers and promoters of high cultivation, seem generally disposed to decide with Columella in favour of the vineyard In France the anxiety of the proprietors of the old vineyards to prevent the planting of any new ones,

seems to favour their opinion, and to indicate a consciousness in those who must have the experience that this species of cultivation is at present in that country more profitable than any other It seems at the same time, however, to indicate another opinion, that this superior profit can last no longer than the laws *which at present restrain the free cultivation* of the vine In 1731, they obtained an order of council prohibiting both the planting of new vineyards and the renewal of those old ones, of which the cultivation had been interrupted for two years, without a particular permission from the king to be granted only in consequence of an information from the intendant of the province, certifying that he had examined the land, and that it was incapable of any other culture The pretence of this order was the scarcity of corn and pasture, and the superabundance of wine But had this superabundance been real, it would, without any order of council, have effectually prevented the plantation of new vineyards, by reducing the profits of this species of cultivation below their natural proportion to those of corn and pasture With regard to the supposed scarcity of corn, occasioned by the multiplication of vineyards, corn is nowhere in France more carefully cultivated than in the wine provinces, where the land is fit for producing it as in Burgundy, Guienne, and the Upper Languedoc The numerous hands employed in the one species of cultivation necessarily encourage the other, by affording a ready market for its produce To diminish the number of those who are capable of paying for it is surely a most unpromising expedient for encouraging the cultivation of corn It is like the policy which would promote agriculture by discouraging manufactures

The rent and profit of those productions, therefore, which require either a greater original expense of improvement in order to fit the land for them, or a greater annual expense

and profit of those common crops

It sometimes happens, indeed that the quantity of land, which can be fitted for some particular produce, is too small to supply the

part of other cultivated land The surplus part of the price which remains after defraying the whole expense of improvement and cultivation may commonly, in this case, and in this case only, bear no regular proportion to the like surplus in corn or pasture, but may exceed it in almost any degree and the greater part of this excess naturally goes to the rent of the landlord

The usual and natural proportion, for example, between the rent and profit of wine and those of corn and pasture must be understood to take place only with regard to those vineyards which produce nothing but good

of the country can be brought into competition for with those of a peculiar quality it is evident that it cannot

The vine is more affected by the difference of soils than any other fruit tree From some it derives a flavour which no culture or management can equal, it is supposed, upon any

through a considerable part of a large province The whole quantity of such wines that is brought to market falls short of the effectual demand or the demand of those who

quantity, therefore can be disposed of to those who are willing to pay more which necessarily raises the price above that of common wine The difference is greater or less

landlord For though such vineyards are in

is sufficient to pay the whole rent profit and wages necessary for preparing and bringing it to market according to the rate at which they are commonly paid by any other produce In Cochin China the finest white sugar commonly sells for three piasters the quintal about thirteen shillings and sixpence of our money as we are told by Mr Poivre[1] a very careful observer of the agriculture of that country What is there called the quintal weighs from a hundred and fifty to two hundred Paris pounds or a hundred and seventy five Paris pounds at a medium which reduces the price of the hundred weight English to about eight shillings sterling not a fourth part of what is commonly paid for the brown or muskavada sugars imported from our colonies and not a sixth part of what is paid for the finest white sugar The greater part of the cultivated lands in Cochin China are employed in producing corn and rice the food of the great body of the people The respective prices of corn rice and sugar are there probably in the natural proportion or in that which naturally takes place in the different crops of the greater part of cultivated land and which recompenses the landlord and farmer as nearly as can be computed according to what is usually the original expense of improvement and the annual expense of cultivation But in our sugar colonies the price of sugar bears no such proportion to that of the produce of a rice or corn field either

all clear profit If this be true for I pretend not to affirm it it is as if a corn farmer expected to defray the expense of his cultivation with the chaff and the straw and that the grain should be all clear profit We see frequently societies of merchants in London and other trading towns purchase waste lands in our sugar colonies which they expect to improve and cultivate with profit by means of factors and agents notwithstanding the great distance and the uncertain returns from the defective administration of justice in those countries Nobody will attempt to improve and cultivate in the same manner the most fertile lands of Scotland Ireland or the corn provinces of North America though from the more exact administration of justice in these countries more regular returns might be expected

has been supposed than to levy one upon its importation at the custom house The cultivation of tobacco has upon this account been most absurdly prohibited through the greater

bacco however seems not to be so advantageous as that of sugar I have never even heard of any tobacco plantation that was improved and cultivated by the capital of merchants who resided in Great Britain and our tobacco colonies send us home no such wealthy planters as we see frequently arrive from our sugar islands Though from the preference

though the present price of tobacco is probably more than sufficient to pay the whole rent, wages, and profit necessary for preparing and bring it to market according to the rate at which they are commonly paid in corn land it must not be *so much more* as the present price of sugar Our tobacco planters accordingly have shown the same fear of the superabundance of tobacco which the proprietors of the old vineyards in France have of the superabundance of wine By act of assembly they have restrained its cultivation to six thousand plants supposed to yield a thousand weight of tobacco for every negro between sixteen and sixty years of age Such a negro over and above this quantity of tobacco can manage they reckon four acres of Indian corn To prevent the market from being overstocked too they have sometimes in plentiful years we are told by Dr Douglas[2] (I suspect he has been ill informed) burnt a certain quantity of tobacco for every negro in the same manner as the Dutch are said to do of spices If such violent methods are necessary to keep up the present price of tobacco, the superior advantage of its culture over that of corn if it still has any will not probably be of long continuance

It is in this manner that the rent of the cultivated land of which the produce is human food regulates the rent of the greater part of other cultivated land No particular produce can long afford less because the land would immediately be turned to another use And if

[2] Douglas *Summary* vol ii pp 372 373

any particular produce commonly affords more it is because the quantity of land which can be fitted for it is too small to supply the *effectual demand*

In Europe, corn is the principal produce of land which serves immediately for human food Except in particular situations therefore the rent of corn land regulates in Europe that of all other cultivated land Britain need envy neither the vineyards of France nor the olive plantations of Italy Except in particular situations, the value of *these is* regulated by that of corn in which the fertility of Britain is not much inferior to that of either of those two countries

If in any country the common and favourite vegetable food of the people should be drawn from a plant of which the most common land with the same or nearly the same culture produced a much greater quantity than the most fertile does of corn the rent of the landlord or the surplus quantity of food which would remain to him after paying the labour and replacing the stock of the farmer together with its ordinary profits would necessarily be much greater Whatever was the rate at which labour was commonly maintained in that country this greater surplus could always maintain a greater quantity of it and consequently enable the landlord to purchase or command a greater quantity of it The real value of his rent his real power and authority his command of the necessaries and conveniencies of life with which the labour of other people could supply him would necessarily be much greater

A rice field produces a much greater quantity of food than the most fertile corn field Two crops in the year from thirty to sixty bushels each are said to be the ordinary produce of an acre Though its cultivation therefore requires more labour a much greater surplus remains after maintaining all that labour In those rice countries therefore where rice is the common and favourite vegetable food of the people and where the cultivators are chiefly maintained with it a greater share of this greater surplus should belong to the landlord than in corn countries In Carolina where the planters, as in other British colonies, are generally both farmers and landlords, and where rent consequently is confounded with profit the cultivation of rice is found to be more profitable than that of corn though their fields produce only one crop in the year and though from the prevalence of the customs of Europe rice is not there the common and favourite vegetable food of the people

A good rice field is a bog at all seasons, and at one season a bog covered with water It is unfit either for corn or pasture or vineyard or indeed for any other vegetable produce that is very useful to men and the lands which are fit for those purposes are not fit for rice Even in the rice countries therefore the rent of rice lands cannot regulate the rent of the other cultivated land which can never be turned to that produce

The food produced by a field of potatoes is not inferior in quantity to that produced by a field of rice and much superior to what is produced by a field of wheat Twelve thousand weight of potatoes from an acre of land is not a greater produce than two thousand weight of wheat The food or solid nourishment indeed which can be drawn from each of those two plants, is not altogether in proportion to their weight on account of the watery nature of potatoes Allowing however half the weight of this root to go to water a very large allowance such an acre of potatoes will still produce six thousand weight of solid *nourishment three times the quantity* produced by the acre of wheat An acre of potatoes is cultivated with less expense than an acre of wheat the fallow which generally precedes the sowing of wheat more than compensating the hoeing and other extraordinary culture which is always given to potatoes Should this root ever become in any part of Europe like rice in some rice countries the common and favourite vegetable food of the people so as to occupy the same proportion of the lands in tillage which wheat and other sorts of grain for human food do at present the same quantity of cultivated land would maintain a much greater number of people and the labourers being generally fed with potatoes, a greater surplus would remain after replacing all the stock and maintaining all the labour employed in cultivation A greater share of this surplus too would belong to the landlord Population would increase and rents would rise much beyond what they are at present

The land which is fit for potatoes is fit for almost every other useful vegetable If they occupied the same proportion of cultivated land which corn does at present, they would regulate in the same manner the rent of the greater part of other cultivated land

In some parts of Lancashire it is pretended I have been told that bread of oatmeal is a heartier food for labouring people than wheaten bread and I have frequently heard the same doctrine held in Scotland I am however somewhat doubtful of the truth of it The *common people in Scotland* who are fed with oatmeal are in general neither so strong nor so handsome as the same rank of people in England who are fed with wheaten bread They neither work so well nor look so well and as there is not the same difference between the people of fashion in the two

tries, experience would seem to show that the

toes The chairmen, porters, and coalheavers in London, and those unfortunate women who live by prostitution, the strongest men and the most beautiful women perhaps in the British dominions, are said to be the greater part of them from the lowest rank of people in Ireland, who are generally fed with this root No food can afford a more decisive proof of its nourishing quality, or of its being peculiarly suitable to the health of the human constitution

It is difficult to preserve potatoes through the year, and impossible to store them like corn, for two or three years together The fear of not being able to sell them before they rot discourages their cultivation, and is, perhaps, the chief obstacle to their ever becoming in any great country, like bread, the principal vegetable food of all the different ranks of the people

Part 2

Of the Produce of Land which sometimes does, and sometimes does not, afford Rent

Human food seems to be the only produce of land which always and necessarily affords some rent to the landlord Other sorts of produce sometimes may and sometimes may not, according to different circumstances

After food, clothing and lodging are the two great wants of mankind

Land in its original rude state can afford the materials of clothing and lodging to a much greater number of people than it can feed In its improved state it can sometimes feed a greater number of people than it can supply with those materials at least in the way in which they require them, and are willing to pay for them In the one state therefore, there is always a superabundance of those materials, which are frequently, upon that account, of little or no value In the other there is often a scarcity, which necessarily augments their value In the one state a great part of them is thrown away as useless, and the price of what is used is considered as equal only to the labour and expense of fitting it for use and can therefore afford no rent to the landlord In the other they are all made use of, and there is frequently a demand for more than can be had Somebody is always willing to give more for every part of them than what is sufficient to pay the expense of bringing them to market Their price therefore, can always afford some rent to the landlord

The skins of the larger animals were the original materials of clothing Among nations of hunters and shepherds, therefore whose food consists chiefly in the flesh of those animals, every man, by providing himself with food, provides himself with the materials of more clothing than he can wear If there was

with whom they now exchange their surplus peltry for blankets, fire arms, and brandy, which gives it some value In the present commercial state of the known world, the most barbarous nations, I believe, among whom

up nor consumed at home, as raises their price above what it costs to send them to those wealthier neighbours It affords, therefore, some rent to the landlord When the greater part of the highland cattle were consumed on their own hills, the exportation of their hides made the most considerable article of

be consumed nor wrought up at home, found a market in the then wealthier and more industrious country of Flanders, and its price afforded something to the rent of the land which produced it In countries not better cultivated than England was then, or than the highlands of Scotland are now, and which had no foreign commerce, the materials of clothing would evidently be so superabundant that a great part of them would be thrown away as useless, and no part could

object of foreign commerce When they are superabundant in the country which produces them it frequently happens, even in the present commercial state of the world, that they are of no value to the landlord A good stone quarry in the neighbourhood of London would afford a considerable rent In many parts of Scotland and Wales it affords none

Barren timber for building is of great value in a populous and well-cultivated country, and the land which produces it affords a considerable rent But in many parts of North America the landlord would be much obliged to anybody who would carry away the greater part of his large trees In some parts of the highlands of Scotland the bark is the only part of the wood which, for want of roads and water carriage, can be sent to market The timber is left to rot upon the ground

generally grants the use of it to whoever

to draw a rent from what never afforded any before The woods of Norway and of the coasts of the Baltic find a market in many parts of Great Britain which they could not find at home, and thereby afford some rent to their proprietors

Countries are populous not in proportion to the number of people whom their produce can clothe and lodge, but in proportion to that of those whom it can feed When food is provided, it is easy to find the necessary clothing and lodging But though these are at hand, it may often be difficult to find food In some parts even of the British dominions what is called a house may be built by one day's labour of one man The simplest species of clothing, the skins of animals require somewhat more labour to dress and prepare them for use They do not, however, require a great deal Among savage and barbarous nations, a hundredth or little more than a hundredth part of the labour of the whole year will be sufficient to provide them with such clothing and lodging as satisfy the greater part of the people All the other ninety-nine parts are frequently no more than enough to provide them with food

fying the other wants and fancies of mankind Clothing and lodging, *household furniture*, and what is called Equipage, are the principal objects of the greater part of those wants and fancies The rich man consumes no more food than his poor neighbour In quality it may be very different, and to select and prepare it may require more labour and art, but in quantity it is very nearly the same But compare the spacious palace

the narrow capacity of the human stomach

tain boundary Those, therefore, who have the command of more food than they them

seem to be altogether endless The poor, in order to obtain food, exert themselves to gratify those fancies of the rich and to obtain it more certainly they vie with one another in the cheapness and perfection of their work The number of workmen increases with the increasing quantity of food, or with the growing improvement and cultivation of the lands and as the nature of their business admits of the utmost subdivisions of labour, the quantity of materials which they can work up increases in a much greater proportion than their numbers Hence arises a demand for

in the bowels of the earth the precious metals,

provement of the powers of labour in producing food by means of the improvement and cultivation of land

Those other parts of the produce of land, however, *which afterwards afford rent, do not*

Whether a coal mine, for example, can afford any rent depends partly upon *its* fertility, and partly upon its situation

A mine of any kind may be said to be either fertile or barren, according as the quantity

mineral which can be brought from it by a certain quantity of labour is greater or less than what can be brought by an equal quantity from the greater part of other mines of the same kind

Some coal mines advantageously situated cannot be wrought on account of their barrenness The produce does not pay the expense They can afford neither profit nor rent

There are some of which the produce is barely sufficient to pay the labour, and replace together with it ordinary profits the stock employed in working them They afford some profit to the undertaker of the work, but no rent to the landlord They can be wrought advantageously by nobody but the landlord who being himself undertaker of the work gets the ordinary profit of the capital which he employs in it Many coal mines in Scotland are wrought in this manner and can be wrought in no other The landlord will allow nobody else to work them without paying some rent, and nobody can afford to pay any

Other coal mines in the same country sufficiently fertile cannot be wrought on account of their situation A quantity of mineral sufficient to defray the expense of working could be brought from the mine by the ordinary or even less than the ordinary quantity of labour but in an inland country thinly inhabited and without either good roads or water carriage this quantity could not be sold

Coals are a less agreeable fuel than wood they are said too to be less wholesome The expense of coals therefore at the place where they are consumed must generally be somewhat less than that of wood

The price of wood again varies with the state of agriculture nearly in the same manner and exactly for the same reason as the price of cattle In its rude beginnings the greater part of every country is covered with wood which is then a mere encumberance of no value to the landlord who would gladly give it to anybody for the cutting As agriculture advances the woods are partly cleared by the progress of tillage and partly go to decay in consequence of the increased number of cattle These though they do not increase in the same proportion as corn which is altogether the acquisition of human industry yet multiply under the care and protection of men who store up in the season of plenty what may maintain them in that of scarcity who through the whole year furnish them with a greater quantity of food than uncultivated nature provides for them and who by destroying and extirpating their enemies secure them in the free enjoyment of all that she provides Numerous herds of cattle when allowed to wander through the woods though they do not destroy the old trees hinder any young ones from coming up so that in the course of a century or two the whole forest goes to ruin The scarcity of wood then raises its price It affords a good rent, and the landlord sometimes finds that he can scarce employ his best lands more advantageously than in growing barren timber, of which the greatness of the profit often compensates the lateness of the returns This seems in the present times to be nearly the state of things in several parts of Great Britain where the profit of planting is found to be equal to that of either corn or pasture The advantage which the landlord derives from planting can nowhere exceed at least for any considerable time the rent which these could afford him and in an inland country which is highly cultivated it will frequently not fall much short of this rent Upon the sea coast of a well improved country indeed if coals can conveniently be had for fuel, it may sometimes be cheaper to bring barren timber for building from less cultivated foreign countries than to raise it at home In the new town of Edinburgh built within these few years there is not perhaps a single stick of Scotch timber

Whatever may be the price of wood if that of coals is such that the expense of a coal fire is nearly equal to that of a wood one, we may be assured that at that place and in these circumstances the price of coals is as high as it can be It seems to be so in some of the inland parts of England particularly in Oxfordshire where it is usual even in the fires of the common people to mix coals and wood together, and where the difference in the expense of those two sorts of fuel cannot, therefore be very great

Coals in the coal countries are everywhere much below this highest price If they were not they could not bear the expense of a distant carriage either by land or by water A small quantity only could be sold and the coal masters and coal proprietors find it more for their interest to sell a great quantity at a price somewhat above the lowest than a small quantity at the highest The most fertile coal mine too regulates the price of coals at all the other mines in its neighbourhood Both the proprietor and the undertaker of the work find the one that he can get a greater rent the other that he can get a greater profit by somewhat underselling all their neighbours Their neighbours are soon obliged to sell at the same price though they cannot so well afford it and though it always diminishes and sometimes takes away altogether both their rent and their profit Some works are abandoned altogether others can afford no rent, and can be wrought only by the proprietor

The lowest price at which coals can be sold

for any considerable time is like that of all other commodities the price which is barely sufficient to replace together with its ordinary profits the stock which must be employed in bringing them to market At as coal mine for which the landlord can get no rent, but which he must either work himself or let it alone altogether the price of coals must generally be nearly about this price

Rent even where coals afford one has generally a smaller share in their prices than in that of most other parts of the rude produce of land The rent of an estate above ground commonly amounts to what is supposed to be a third of the gross produce and it is generally a rent certain and independent of the occasional variations in the crop In coal mines a fifth of the gross produce is a very great rent a tenth the common rent and it is seldom a rent certain but depends upon the occasional variations in the produce These are so great that, in a country where thirty years' purchase is considered as a moderate price for the property of a landed estate ten years purchase is regarded as a good price for that of a coal mine

The value of a coal mine to the proprietor frequently depends as much upon its situation as upon its fertility That of a metallic mine depends more upon its fertility and less upon its situation The coarse and still more the precious metals when separated from the ore are so valuable that they can generally bear the expense of a very long land and of the most distant sea carriage Their market is not confined to the countries in the neighbourhood of the mine but extends to the whole world The copper of Japan makes an article of commerce in Europe the iron of Spain in that of Chili and Peru The silver of Peru finds its way not only to Europe but from Europe to China

The price of coals in Westmoreland or Shropshire can have little effect on their price at Newcastle and their price in the Lionnois can have none at all The productions of such distant coal mines can never be brought into competition with one another But the productions of the most distant metallic mines frequently may and in fact commonly are The price therefore of the coarse and still more that of the precious metals at the most fertile mines in the world must necessarily more or less affect their price at every other in it The price of copper in Japan must have some influence upon its price at the copper mines in Europe The price of silver in Peru or the quantity either of labour or of other goods which it will purchase there must have some influence on its price not only at the silver mines of Europe but at those of China After the discovery of the mines of Peru the silver mines of Europe were the greater part of them abandoned The value of silver was so much reduced that their produce could no longer pay the expense of working them or replace with a profit the food clothes lodging and other necessaries which were consumed in that operation This was the case too with the mines of Cuba and St Domingo and even with the ancient mines of Peru after the discovery of those of Potosi

The price of every metal at every mine therefore being regulated in some measure by its price at the most fertile mine in the world that is actually wrought it can at the greater part of mines do very little more than pay the expense of working and can seldom afford a very high rent to the landlord Rent accordingly seems at the greater part of mines to have but a small share in the price of the coarse and a still smaller in that of the precious metals Labour and profit make up the greater part of both

A sixth part of the gross produce may be reckoned the average rent of the tin mines of Cornwall the most fertile that are known in the world as we are told by the Reverend Mr Borlace, vice-warden of the stannaries Some he says, afford more and some do not afford so much A sixth part of the gross produce is the rent too of several very fertile lead mines in Scotland

In the silver mines of Peru we are told by Frezier and Ulloa the proprietor frequently exacts no other acknowledgment from the undertaker of the mine but that he will grind the ore at his mill paying him the ordinary multure or price of grinding Till 1736 indeed the tax of the King of Spain amounted to one fifth of the standard silver which till then might be considered as the real rent of the greater part of the silver mines of Peru the richest which have been known in the world If there had been no tax this fifth would naturally have belonged to the landlord and many mines might have been wrought which could not then be wrought because they could not afford this tax The tax of the Duke of Cornwall upon tin is supposed to amount to more than five per cent or one twentieth part of the value and whatever may be his proportion it would naturally too belong to the proprietor of the mine if tin was duty free But if you add one twentieth to one-sixth you will find that the whole average rent of the tin mines of Cornwall was to the whole average rent of the silver mines of Peru as thirteen to twelve But the silver mines of Peru are not now able to pay even this low rent and the tax upon silver was in 1736 reduced from one-fifth to one tenth Even this tax upon silver too, gives more temptation to smuggling than the tax of one twentieth

upon tin and smuggling must be much easier in the precious than in the bulky commodity The tax of the King of Spain accordingly is said to be very ill paid and that of the Duke of Cornwall very well Rent therefore it is probable *makes a greater* part of the price of tin at the most fertile tin mines than it does of silver at the most fertile silver mines in the world After replacing the stock employed in working those different mines together with its ordinary profits the residue which remains to the proprietor is greater, it seems in the coarse *than in the precious metal*

Neither are the profits of the undertakers of silver mines commonly very great in Peru The same most respectable and well informed authors acquaint us that when any person undertakes to work a new mine in Peru he is universally looked upon as a man destined to *bankruptcy and ruin* and *is upon that* account shunned and avoided by everybody *Mining* it seems, is considered there *in* the same light as here as a lottery in which the prizes do not compensate the blanks though the greatness of some tempts many adventurers to throw away their fortunes in such unprosperous projects

As the sovereign however derives a considerable part of his *revenue from the* produce of silver mines the law in Peru gives every possible encouragement to the discovery and working of new ones Whoever discovers a new mine is entitled to measure off two hundred and forty six feet in length according to what he supposes to be the direction of the *vein and half as much in breadth* He becomes proprietor of this portion of the mine and can work it without paying any acknowledgment to the landlord The interest of the Duke of Cornwall has given occasion to a regulation nearly of the same kind in that ancient duchy In waste and unenclosed lands *any person who discovers a tin mine may* mark out its limits to a certain extent which is called bounding a mine The bounder becomes the real proprietor of the mine and may either work it himself or give it in lease to another without the consent of the owner of the land to whom however a very small *acknowledgment must be paid upon working* it In both regulations the sacred rights of private property are sacrificed to the supposed interests of public revenue

The same encouragement is given in Peru to the discovery and working of new gold mines and in gold the king s tax amounts only *to a twentieth part of the standard metal* It was once a fifth and afterwards a tenth as in silver but it was found that the work could not bear even the lowest of these two taxes If it is rare however say the same authors Frezier and Ulloa, to *find a person who has* made his fortune by a silver, it is still much rarer to find one who has done so by a gold mine This twentieth part seems to be the *whole rent which is paid by the greater part* of the gold mines in Chili and Peru Gold too is much more liable to be smuggled than even silver not only on account of the superior value of the metal in proportion to its bulk but on account of the peculiar way in which nature produces it Silver is very seldom found virgin but like most other metals is generally mineralized with some other body from *which it is impossible to separate it in* such quantities as will pay for the expense but by a very laborious and tedious operation which cannot well be carried on but in workhouses erected for the purpose and therefore exposed to the inspection of the king s officers Gold on the contrary is almost always found vir*gin It is sometimes found in pieces of some* bulk and even when mixed in small and almost insensible particles with sand earth and other extraneous bodies it can be separated from them by a very short and simple operation which can be carried on in any private house by anybody who is possessed of a small quantity of mercury *If the king s tax* therefore is but ill paid upon silver, it is likely to be *much worse paid upon gold and rent* must make a much smaller part of the price of gold than even of that of silver

The lowest price at which the precious metals can be sold or the smallest quantity of other goods for which they can be exchanged during any considerable time is regulated by *the same principles which fix the lowest* ordinary price of all other goods The stock which must commonly be employed the food the clothes and lodging which must commonly be consumed in bringing them from the mine to the market determine it It must at least be sufficient to replace that stock with the *ordinary profits*

Their highest price however seems not to be necessarily determined by anything but the actual scarcity or plenty of those metals themselves It is not determined by that of any other commodity in the same manner as the price of coals is by that of wood beyond *which no scarcity can ever raise it Increase* the scarcity of gold to a certain degree and the smallest bit of it may become more precious than a diamond and exchange for a greater quantity of other goods

The demand for those metals arises partly from their utility and partly from their beauty *If you except iron they are more* useful than perhaps any other metal As they are less liable to rust and impurity they can more easily be kept clean and the utensils either of the table or the kitchen are often upon that account more agreeable when *made of them*

A silver boiler is more cleanly than a lead
would
silver
arises
em pe
culiarly fit for the ornaments of dress and furniture No paint or dye can give so splen did a colour as gilding The merit of their beauty is greatly enhanced by their scarcity With the greater part of rich people the chief enjoyment of riches consists in the parade of riches which in their eye is never so com plete as when they appear to possess those decisive marks of opulence which nobody can

much more beautiful and useful but more common These qualities of utility beauty and scarcity are the original foundation of

employed as coin and was the quality which fitted them for that employment That em

crease their value

The demand for the precious stones arises altogether from their beauty They are of no use but as ornaments and the merit of their beauty is greatly enhanced by their scarcity or by the difficulty and expense of getting them from the mine Wages and profit ac-

conda and Visiapour he was informed that

of the precious stones is regulated all over the world by their price at the most fertile mine in it the rent which a mine of either can afford to its proprietor is in proportion not to its absolute but to what may be called its relative fertility or to its superiority over other mines of the same kind If new mines were discovered as much superior to those of *Potosi as they were superior to those of* Europe the value of silver might be so much degraded as to render even the mines of Po- tosi not worth the working Before the dis- covery of the Spanish West Indies the most

have exchanged for an equal quantity of other goods and the proprietor s share might have enabled him to purchase or command an equal quantity either of labour or of com modities The value both of the produce and of the rent the real revenue which they af forded both to the public and to the pro

from that abundance

It is otherwise in estates above ground The value both of their produce and of their rent is in proportion to their absolute and not to their relative fertility The land which pro-

increased by it The great number of people maintained by the fertile lands afford a mar ket to many parts of the produce of the bar ren which they could never have found among *those whom their own produce could main* tain

Whatever increases the fertility of land in producing food increases not only the value of the lands upon which the improvement is bestowed but contributes likewise to increase that of many other lands by creating a new demand for their produce That abundance of food of which in consequence of the im provement of land many people have the dis-

gives the principal part of their value to many other sorts of riches The poor inhabitants of Cuba and St Domingo when they were first discovered by the Spaniards used to wear little bits of gold as ornaments in their hair and other parts of their dress They seemed to value them as we would do any little pebbles of somewhat more than ordinary beauty and to consider them as just worth the picking up but not worth the refusing to anybody who asked them They gave them to their new guests at the first request without seeming to think that they had made them any very valuable present They were astonished to observe the rage of the Spaniards to obtain them and had no notion that there could anywhere be a country in which many people had the disposal of so great a superfluity of food so scanty always among themselves that for a very small quantity of those glittering baubles they would willingly give as much as might maintain a whole family for many years Could they have been made to understand this the passion of the Spaniards would not have surprised them

PART 3

Of the Variations in the Proportion between the respective Values of that Sort of Produce which always affords Rent and of that which sometimes does and sometimes does not afford Rent

The increasing abundance of food in consequence of increasing improvement and cultivation must necessarily increase the demand for every part of the produce of land which is not food and which can be applied either to use or to ornament In the whole progress of improvement, it might therefore be expected there should be only one variation in the comparative values of those two different sorts of produce The value of that sort which sometimes does and sometimes does not afford rent should constantly rise in proportion to that which always affords some rent As art and industry advance the materials of clothing and lodging the useful fossils and minerals of the earth the precious metals and the precious stones should gradually come to be more and more in demand should gradually exchange for a greater and a greater quantity of food or in other words should gradually become dearer and dearer This accordingly has been the case with most of these things upon most occasions and would have been the case with all of them *upon all occasions* if particular accidents had not upon some occasions increased the supply of some of them in a still greater proportion than the demand

The value of a free-stone quarry for example will necessarily increase with the increasing improvement and population of the country round about it especially if it should be the only one in the neighbourhood But the value of a silver mine even though there should not be another within a thousand miles

few miles round about it and the demand must generally be in proportion to the improvement and population of that small district But the market for the produce of a silver mine may extend over the whole known world Unless the world in general therefore be advancing in improvement and population the demand for silver might not be at all increased by the improvement even of a large country in the neighbourhood of the mine Even though the world in general were improving yet if in the course of its improve-

the real price of that metal might gradually fall that is any given quantity a pound weight of it for example might gradually purchase or command a smaller and a smaller quantity of labour or exchange for a smaller and a smaller quantity of corn the principal part of the subsistence of the labourer

The great market for silver the commer

while at the same time the supply did not increase in the same proportion the value of silver would gradually rise in proportion to that of corn Any given quantity of silver would exchange for a greater and a greater quantity of corn or in other words the average money price of corn would gradually become cheaper and cheaper

If on the contrary the supply by some accident should increase for many years together in a greater proportion than the demand that metal would gradually become cheaper and cheaper or in other words the average money price of corn would in spite of all improvements gradually become dearer and dearer

But if on the other hand the supply of the

metal should increase nearly in the same proportion as the demand it would continue to purchase or exchange for nearly the same quantity of corn and the average money price of corn would, in spite of all improvements continue very nearly the same

present, if we may judge by what has happened both in France and Great Britain, each of those three different combinations seem to have taken place in the European market, and nearly in the same order, too, in which I have here set them down

DIGRESSION CONCERNING THE VARIATIONS IN THE VALUE OF SILVER DURING THE COURSE OF THE FOUR LAST CENTURIES

FIRST PERIOD

1570

In 1350, being the 25th of Edward III, was enacted what is called The Statute of Labourers In the preamble it complains much of the insolence of servants, who endeavoured to raise their wages upon their masters It therefore ordains that all servants and labourers should for the future be contented with the same wages and liveries (liveries in those times signified not only clothes but provisions) which they had been accustomed to receive in the 20th year of the king and the four preceding years that upon this account their livery wheat should nowhere be estimated higher than tenpence a bushel, and

silver, Tower weight, and was nearly equal to half a crown of our present money Four ounces of silver, Tower weight, therefore, equal to six shillings and eightpence of the money of those times, and to near twenty shillings of that of the present, must have been reckoned a moderate price for the quarter of eight bushels

This statute is surely a better evidence of what was reckoned in those times a moderate price of grain than the prices of some particular years which have generally been recorded by historians and other writers on account of their extraordinary dearness or cheapness, and from which therefore, it is difficult to form any judgment concerning what may have been the ordinary price There are, besides other reasons for believing that in the beginning of the fourteenth century, and for some time before, the common price of wheat was not less than four ounces of silver the quarter, and that of other grain in proportion

In 1309, Ralph de Born, prior of St Augustine's, Canterbury, gave a feast upon his installation day, of which William Thorn has preserved not only the bill of fare but the prices of many particulars In that feast were consumed, first, fifty three quarters of wheat, which cost nineteen pounds, or seven shillings and twopence a quarter, equal to about one and twenty shillings and sixpence of our present money, secondly, fifty-eight quarters of malt which cost seventeen pounds ten shil

The prices of malt and oats seem here to be higher than their ordinary proportion to the price of wheat

magnificence

In 1262, being the 51st of Henry III, was revived an ancient statute called The Assize

have been as old as the Conquest It regulates

shillings therefore containing six ounces of silver Tower weight and equal to about thirty shillings of our present money must, upon this supposition have been reckoned the middle price of the quarter of wheat when this statute was first enacted, and must have continued to be so in the 51st of Henry III We cannot therefore be very wrong in supposing that the middle price was not less than one third of the highest price at which this statute regulates the price of bread or than six shillings and eightpence of the money of those times containing four ounces of silver Tower weight

From these different facts therefore we seem to have some reason to conclude that, about the middle of the fourteenth century, and for a considerable time before the average or ordinary price of the quarter of wheat was not supposed to be less than four ounces of silver Tower weight

From about the middle of the fourteenth to the beginning of the sixteenth century, what was reckoned the reasonable and moderate that is the ordinary or average price of wheat seems to have sunk gradually to about one half of this price so as at last to have fallen to about two ounces of silver Tower weight equal to about ten shillings of our present money It continued to be estimated at this price till about 1570

In the household book of Henry the fifth Earl of Northumberland drawn up in 1512 there are two different estimations of wheat In one of them it is computed at six shillings and eightpence the quarter in the other at five shillings and eightpence only In 1512 six shillings and eightpence contained only two ounces of silver Tower weight and were equal to about ten shillings of our present money

From the 25th of Edward III to the beginning of the reign of Elizabeth during the space of more than two hundred years six shillings and eightpence it appears from several different statutes had continued to be considered as what is called the moderate and reasonable that is the ordinary or average price of wheat The quantity of silver however contained in that nominal sum was during the course of this period continually diminishing in consequence of some alterations which were made in the coin But the increase of the value of silver had it seems so far compensated the diminution of the quantity of it contained in the same nominal sum that the legislature did not think it worth while to attend to this circumstance

Thus in 1436 it was enacted that wheat might be exported without a licence when the price was so low as six shillings and eightpence and in 1463 it was enacted that no wheat should be imported if the price was not above six shillings and eightpence the quarter The legislature had imagined that when the price was so low there could be no inconveniency in exportation but that when it rose higher it became prudent to allow importation Six shillings and eightpence therefore containing about the same quantity of silver as thirteen shillings and fourpence of our present money (one third part less than the same nominal sum contained in the time of Edward III) had in those times been considered as what is called the moderate and reasonable price of wheat

In 1554 by the 1st and 2nd of Philip and Mary and in 1558 by the 1st of Elizabeth the exportation of wheat was in the same manner prohibited whenever the price of the quarter should exceed six shillings and eightpence which did not then contain two penny worth more silver than the same nominal sum does at present But it had soon been found that to restrain the exportation of wheat till the price was so very low was in reality to prohibit it altogether In 1562 therefore by the 5th of Elizabeth the exportation of wheat was allowed from certain ports whenever the price of the quarter should not exceed ten shillings containing nearly the same quantity of silver as the like nominal sum does at present This price had at this time therefore been considered as what is called the moderate and reasonable price of wheat It agrees nearly with the estimation of the Northumberland book in 1512

That in France the average price of grain was in the same manner much lower in the end of the fifteenth and beginning of the sixteenth century than in the two centuries preceding has been observed both by Mr Dupre de St Maur and by the elegant author of the Essay on the police of grain Its price during the same period had probably sunk in the same manner through the greater part of Europe

This rise in the value of silver in proportion to that of corn may either have been owing altogether to the increase of the demand for that metal in consequence of increasing improvement and cultivation the supply in the meantime continuing the same as before or the demand continuing the same as before it may have been owing altogether to the gradual diminution of the supply the greater part of the mines which were then known in the world being much exhausted and consequently the expense of working them much increased or it may have been owing partly to the other of those two circumstances In the end of the fifteenth and beginning of the sixteenth centuries the greater part of Europe was approaching towards a more settled form of government than it had enjoyed for several

ages before The increase of security would naturally increase industry and improvement and the demand for the precious metals as well as for every other luxury and ornament would naturally increase with the increase of riches A greater annual produce would require a greater quantity of coin to circulate it, and a greater number of rich people would require a greater quantity of plate and other ornaments of silver It is natural to suppose,

It has been the opinion, however of the greater part of those who have written upon the price of commodities in ancient times that from the Conquest, perhaps from the inva

the prices both of corn and of some other parts of the rude produce of land and partly by the popular notion that as the quantity of *silver naturally increases in every country* with the increase of wealth so its value diminishes as its quantity increases

In their observations upon the prices of corn, three different circumstances seem frequently to have misled them

above the average market price In many places accordingly, it is not much above one half of this price Through the greater part of Scotland this custom still continues with re

sufficiently safe for the tenant, and much more convenient for the landlord to convert as they call it the corn rent rather at what should happen to be the price of the fiars of each year than at any certain fixed price But *the writers who have collected the prices of* corn in ancient times seem frequently to have mistaken what is called in Scotland the conversion price for the actual market price *Fleetwood acknowledges, upon one occasion* that he had made this mistake As he wrote his book, however, for a particular purpose, he does not think proper to make this ac

contained no more than the same nominal sum does at present

Secondly, they have been misled by the slovenly manner in which some ancient statutes of assize had been sometimes transcribed by lazy copiers and sometimes perhaps actually composed by the legislature

The ancient statutes of assize seem to have begun always with determining what ought to be the price of bread and ale when the

show what proportion ought to be observed in all higher prices

wheat from one shilling to twenty shillings

fore being misled by this faulty transcription, very naturally concluded that the middle price or six shillings the quarter equal to about eighteen shillings of our present money, was the ordinary or average price of wheat at that time

In the Statute of Tumbrel and Pillory, enacted nearly about the same time the price of ale is regulated according to every sixpence rise in the price of barley, from two

shillings to four shillings the quarter That *four shillings*, however, was not considered as the highest price to which barley might frequently rise in those times and that these prices were only given as an example of the proportion which ought to be observed in all other prices whether higher or lower we may infer from the last words of the statute *et sic deinceps crescetur vel diminuetur per sex denarios* The expression is very slovenly, but the meaning is plain enough That the price of ale is in this manner to be increased or diminished according to every sixpence rise or fall in the price of barley In the composition of this statute the legislature itself seems to have been as negligent as the copiers were in the transcription of the others

In an ancient manuscript of the *Regiam Majestatem* an old Scotch law book there is a statute of assize in which the price of bread is regulated according to all the different prices of wheat from tenpence to three shillings the Scotch boll equal to about half an English quarter Three shillings Scotch at the time when this assize is supposed to have been enacted were equal to about nine shillings sterling of our present money Mr Ruddiman seems to conclude from this that three shillings was the highest price to which wheat ever rose in those times and that tenpence a shilling or at most two shillings were the ordinary prices Upon consulting the manuscript however it appears evidently that all these prices are only set down as examples of the proportion which ought to be observed between the respective prices of wheat and bread The last words of the statute are *reliqua judicabis secundum præscripta habendo respectum ad pretium bladi* You shall judge of the remaining cases according to what is above written having a respect to the price of corn

Thirdly they seem to have been misled too by the very low price at which wheat was sometimes sold in very ancient times and to have imagined that as its lowest price was then much lower than in later times its ordinary price must likewise have been much lower They might have found however that in those ancient times its highest price was fully as much above as its lowest price was below anything that had ever been known in later times Thus in 1270 Fleetwood gives us two prices of the quarter of wheat The one is four pounds sixteen shillings of the money of those times equal to fourteen pounds eight shillings of that of the present the other is six pounds eight shillings equal to nineteen pounds *four shillings of our present* money No price can be found in the end of the fifteenth or beginning of the sixteenth *century which approaches to the extravagance* of these The price of corn though at all times liable to variation varies most in those *turbulent and disorderly societies*, in which the interruption of all commerce and communication hinders the plenty of one part of the country *from relieving the scarcity* of another In the disorderly state of England under the Plantagenets, who governed it from about the middle of the twelfth till towards the end of the fifteenth century, one district might be in plenty, while another at no great distance by having its crop destroyed either by some accident of the seasons or by the incursion of some neighbouring baron might be suffering all the horrors of a famine and yet if the lands of some hostile lord were interposed between them the one might not be able to give the least assistance to the other Under the vigorous administration of the Tudors who governed England during the latter part of the fifteenth and through the whole of the sixteenth century no baron was powerful enough to dare to disturb the public security

The reader will find at the end of this chapter all the prices of wheat which have been collected by Fleetwood from 1202 to 1597 both inclusive reduced to the money of the present times and digested according to the order of time into seven divisions of twelve years each At the end of each division too, he will find the average price of the twelve years of which it consists In that long period of time Fleetwood has been able to collect the prices of no more than eighty years, so that four years are wanting to make out the last twelve years I have added therefore from the accounts of Eton college the prices of 1598 1599 1600 and 1601 It is the only addition which I have made The reader will see that from the beginning of the thirteenth till after the middle of the sixteenth century the average price of each twelve years grows gradually lower and lower and that towards the end of the sixteenth century it begins to rise again The prices indeed, which Fleetwood has been able to collect seem to have been those chiefly which were remarkable for extraordinary dearness or cheapness and I do not pretend that any very certain conclusion can be drawn from them So far however as they prove anything at all they confirm the account which I have been endeavouring to give Fleetwood himself however seems with most other writers to have believed that during all this period the value of silver in consequence of its increasing abundance was continually diminishing The prices of corn which he himself has collected certainly do not agree with this opinion *They*

[1] See his preface to Anderson's *Diplomata etc Scotiæ*

agree perfectly with that of Mr Dupré de St Maur, and with that which I have been endeavouring to explain Bishop Fleetwood and Mr Dupre de St Maur are the two authors who seem to have collected, with the greatest diligence and fidelity, the prices of things in ancient times It is somewhat curious that, though their opinions are so very different, their facts, so far as they relate to the price of corn at least, should coincide so very exactly.

It is not, however, so much from the low price of corn as from that of some other parts of the rude produce of land that the most judicious writers have inferred the great value of silver in those very ancient times Corn, it has been said, being a sort of manufacture

purchase or represent a greater quantity of labour, but because such commodities would purchase or represent a much smaller quantity than in times of more opulence and improvement Silver must certainly be cheaper in Spanish America than in Europe in the country where it is produced than in the coun

But in countries almost waste, or but thinly inhabited, cattle, poultry, game of all kinds, etc, as they are the spontaneous productions of nature, so she frequently produces them in much greater quantities than the consumption of the inhabitants requires In such a state of things the supply commonly

labour

In every state of society, in every stage of improvement, corn is the production of human industry But the average produce of every sort of industry is always suited, more

fore, we may rest assured that equal quantities of corn will, in every state of society, in every stage of improvement, more nearly represent, or be equivalent to equal quantities of labour than equal quantities of any other part of the rude produce of land Corn, accordingly, it has already been observed, is, in all the different stages of wealth and improvement, a more accurate measure of value than any other commodity or set of commodities In all those different stages therefore, we can judge better of the real value of silver by comparing it with corn than by comparing it with any other commodity or set of commodities

Corn, besides or whatever else is the common *and favourite vegetable food of the people*, constitutes in every civilised country, the principal part of the subsistence of the labourer In consequence of the extension of agriculture, the land of every country produces a much greater quantity of vegetable

depends much more upon the average money price of corn, the subsistence of the labourer,

than upon that of butcher's meat or of any other part of the rude produce of land The real value of gold and silver therefore, the real quantity of labour which they can purchase or command depends much more upon the quantity of corn which they can purchase or command than upon that of butcher's meat or any other part of the rude produce of land

Such slight observations however upon the prices either of corn or of other commodities would not probably have misled so many intelligent authors had they not been influenced at the same time by the popular notion that as the quantity of silver naturally increases in every country with the increase of wealth so its value diminishes as its quantity increases This notion however seems to be altogether groundless

The quantity of the precious metals may increase in any country from two different causes either first from the increased abundance of the mines which supply it or secondly, from the increased wealth of the people from the increased produce of their annual labour The first of these causes is no doubt necessarily connected with the diminution of the value of the precious metals but the second is not

When more abundant mines are discovered a greater quantity of the precious metals is brought to market and the quantity of the necessaries and conveniencies of life for which they must be exchanged being the same as before equal quantities of the metals must be exchanged for smaller quantities of commodities So far therefore as the increase of the quantity of the precious metals in any country arises from the increased abundance of the mines it is necessarily connected with some diminution of their value

When on the contrary the wealth of any country increases when the annual produce of its labour becomes gradually greater and greater a greater quantity of coin becomes necessary in order to circulate a greater quantity of commodities and the people as they can afford it as they have more commodities to give for it will naturally purchase a greater and a greater quantity of plate The quantity of their coin will increase from necessity the quantity of their plate from vanity and ostentation or from the same reason that the quantity of fine statues pictures and of every other luxury and curiosity is likely to increase among them But as statuaries and painters are not likely to be worse rewarded in times of wealth and prosperity than in times of poverty and depression so gold and silver are not likely to be worse paid for

The price of gold and silver when the accidental discovery of more abundant mines does not keep it down, as it naturally rises with the wealth of every country, so whatever be the state of the mines it is at all times naturally higher in a rich than in a poor country Gold and silver like all other commodities naturally seek the market where the best price is given for them, and the best price is commonly given for every thing in the country which can best afford it Labour it must be remembered is the ultimate price which is paid for everything and in countries where labour is equally well regarded the money price of labour will be in proportion to that of the subsistence of the labourer But gold and silver will naturally exchange for a greater quantity of subsistence in a rich than in a poor country in a country which abounds with subsistence than in one which is but indifferently supplied with it If the two countries are at a great distance the difference may be very great because though the metals naturally fly from the worse to the better market yet it may be difficult to transport them in such quantities as to bring their price nearly to a level in both If the countries are near the difference will be smaller and may sometimes be scarce perceptible because in this case the transportation will be easy China is a much richer country than any part of Europe and the difference between the price of subsistence in China and in Europe is very great Rice in China is much cheaper than wheat is anywhere in Europe England is a much richer country than Scotland but the difference between the money price of corn in those two countries is much smaller and is but just perceptible In proportion to the quantity or measure Scotch corn generally appears to be a good deal cheaper than English but in proportion to its quality it is certainly somewhat dearer Scotland receives almost every year very large supplies from England and every commodity must commonly be somewhat dearer in the country to which it is brought than in that from which it comes English corn therefore must be dearer in Scotland than in England and yet in proportion to its quality or to the quantity and goodness of the flour or meal which can be made from it it cannot commonly be sold higher there than the Scotch corn which comes to market in competition with it

The difference between the money price of labour in China and in Europe is still greater than that between the money price of subsistence because the real recompense of labour is higher in Europe than in China the greater part of Europe being in an improving state while China seems to be standing still The money price of labour is lower in Scotland than in England because the real

recompense of labour is much lower Scotland though advancing to greater wealth advanc

in the two countries The proportion between the real recompense of labour in different countries it must be remembered is naturally regulated not by their actual wealth or poverty but by their advancing stationary or declining condition

Gold and silver as they are naturally of the greatest value among the richest so they are naturally of the least value among the poorest nations Among savages the poorest of all nations they are of scarce any value

In great towns corn is always dearer than in remote parts of the country This however is the effect not of the real cheapness of silver but of the real dearness of corn It does not cost less labour to bring silver to the great town than to the remote parts of the country but it costs a great deal more to bring corn

In some very rich and commercial countries such as Holland and the territory of Genoa corn is dear for the same reason that it is dear in great towns They do not produce enough to maintain their inhabitants They are rich in the industry and skill of their artificers and manufacturers in every sort of machinery which can facilitate and abridge labour in shipping and in all the other instruments and means of carriage and commerce but they are poor in corn which as it must be brought to them from distant countries must by an addition to its price pay for the carriage from those countries It does not cost less labour to bring silver to Amsterdam than to Dantzic but it costs a great deal more to bring corn The real cost of silver must be nearly the same in both places but that of corn must be very different Diminish the real opulence either of Holland or of the territory of Genoa while the number of their inhabitants remains the same diminish their power of supplying themselves from distant countries and the price of corn instead of sinking with that diminution in the quantity of their silver which must necessarily accompany this declension either as its cause or as its effect will rise to the price of a famine When we are in want of necessaries we must part with all superfluities of which the value as it rises in times of opulence and prosperity so it sinks in times of poverty and distress It is otherwise with necessaries Their real price the quantity of labour which they can purchase or command rises in times of poverty and distress and sinks in times of opulence and prosperity which are always times of great abundance for they could not otherwise be times of opulence and prosperity Corn is a necessary silver is only a superfluity

Whatever therefore may have been the increase in the quantity of the precious metals which during the period between the middle of the fourteenth and that of the sixteenth century arose from the increase of wealth and improvement it could have no tendency to diminish their value either in Great Britain or in any other part of Europe If those who have collected the prices of things in ancient times therefore had during this period no reason to infer the diminution of the value of silver from any

ment

SECOND PERIOD

But how various soever may have been the opinions of the learned concerning the progress of the value of silver during this first period they are unanimous concerning it during the second

From about 1570 to about 1640 during a period of about seventy years the variation in the proportion between the value of silver and that of corn held a quite opposite course Silver sunk in its real value or would exchange for a smaller quantity of labour than before and corn rose in its nominal price and instead of being commonly sold for about two ounces of silver the quarter or about ten shillings of our present money came to be sold for six and eight ounces of silver the quarter or about thirty and forty shillings of our present money

The discovery of the abundant mines of America seems to have been the sole cause of this diminution in the value of silver in proportion to that of corn It is accounted

this period advancing in industry and improvement and the demand for silver must consequently have been increasing But the increase of the supply had it seems so far exceeded that of the demand that the value of that metal sunk considerably The discovery of the mines of America it is to be observed does not seem to have had any very sensible effect upon the prices of things in England till after 1570 though even the mines of Potosi had been discovered more than twenty years before

From 1595 to 1620 both inclusive the

average price of the quarter of nine bushels of the best wheat at Windsor market appears, from the accounts of Eton College, to have been £2 1s 6¾d From which sum, neglecting the fraction, and deducting a ninth, or 4s 7½d, the price of the quarter of eight bushels comes out to have been £1 16s 10⅔d And from this sum, neglecting likewise the fraction, and deducting a ninth, or 4s 1d, for the difference between the price of the best wheat and that of the middle wheat the price of the middle wheat comes out to have been about £1 12s 8d, or about six ounces and one third of an ounce of silver

From 1621 to 1636, both inclusive, the average price of the same measure of the best wheat at the same market appears, from the same accounts, to have been £2 10s from which making the like deductions as in the foregoing case the average price of the quarter of eight bushels of middle wheat comes out to have been £1 19s 6d, or about seven ounces and two thirds of an ounce of silver

THIRD PERIOD

Between 1630 and 1640 or about 1636, the effect of the discovery of the mines of America in reducing the value of silver appears to have been completed and the value of that metal seems never to have sunk lower in proportion to that of corn than it was about that time It seems to have risen somewhat in the course of the present century, and it had probably begun to do so even some time before the end of the last

From 1637 to 1700 both inclusive, being the sixty four last years of the last century, the average price of the quarter of nine bushels of the best wheat at Windsor market appears from the same accounts, to have been £2 11s 0⅓d which is only 1s 0⅓d dearer than it had been during the sixteen years before But in the course of these sixty four years there happened two events which must have produced a much greater scarcity of corn than what the course of the seasons would otherwise have occasioned and which, therefore, without supposing any further reduction in the value of silver will much more than account for this very small enhancement of price

The first of these events was the civil war, which by discouraging tillage and interrupting commerce, must have raised the price of corn much above what the course of the seasons would otherwise have occasioned It must have had this effect more or less at all the different markets in the kingdom, but particularly at those in the neighbourhood of London, which require to be supplied from the greatest distance In 1648 accordingly, the price of the best wheat at Windsor market appears, from the same accounts, to have been £4 5s, and in 1649 to have been £4 the quarter of nine bushels The excess of those two years above £2 10s (the average price of the sixteen years preceding 1637) is £3 5s, which divided among the sixty four last years of the last century will alone very nearly account for that small enhancement of price which seems to have taken place in them These, however, though the highest are by no means the only high prices which seem to have been occasioned by the civil wars

The second event was the bounty upon the exportation of corn granted in 1688 The bounty, it has been thought by many people, by encouraging tillage may, in a long course of years, have occasioned a greater abundance, and consequently a greater cheapness of corn in the home market than what would otherwise have taken place there How far the bounty could produce this effect at any time I shall examine hereafter, I shall only observe at present that between 1688 and 1700, it had not time to produce any such effect During this short period its only effect must have been by encouraging the exportation of the surplus produce of every year, and thereby hindering the abundance of one year from compensating the scarcity of another, to raise the price in the home market The scarcity which prevailed in England from 1693 to 1699, both inclusive, though no doubt principally owing to the badness of the seasons, and therefore, extending through a considerable part of Europe must have been somewhat enhanced by the bounty In 1699, accordingly, the further exportation of corn was prohibited for nine months

There was a third event which occurred in the course of the same period, and which though it could not occasion any scarcity of corn, nor, perhaps, any augmentation in the real quantity of silver which was usually paid for it, must necessarily have occasioned some augmentation in the nominal sum This event was the great debasement of the silver coin by clipping and wearing This evil had begun in the reign of Charles II and had gone on continually increasing till 1695, at which time, as we may learn from Mr Lowndes, the current silver coin was, at an average, near five-and twenty per cent below its standard value But the nominal sum which constitutes the market price of every commodity is necessarily regulated, not so much by the quantity of silver, which according to the standard, ought to be contained in it, as by that which, it is found by experience, actually is contained in it This nominal sum, therefore is necessarily higher when the coin is much

debased by clipping and wearing than when near to its standard value

In the course of the present century the silver coin has not at any time been more below its standard weight than it is at present But though very much defaced its value has been kept up by that of the gold coin for which it is exchanged For though before the late recoinage the gold coin was a good deal defaced too it was less so than the sil

shillings and sevenpence an ounce which is but fivepence above the mint price But in 1695 the common price of silver bullion was six shillings and fivepence an ounce[1] which is fifteenpence above the mint price Even before the late recoinage of the gold therefore the coin gold and silver together when compared with silver bullion was not supposed to be more than eight per cent below its standard value In 1695 on the contrary it had been supposed to be near five and twenty per cent below that value But in the beginning of the present century that is immediately after the great recoinage in King William s time the greater part of the current silver coin must have been still nearer to its standard weight than it is at present In the course of the present century too

in the home market it may upon the principles of a system which I shall explain and examine hereafter be supposed to have done *something to lower the price of that commod*ity the one way as well as to raise it the other It is by many people supposed to have *done more In the sixty four first years of* the present century accordingly the average price of the quarter of nine bushels of the best wheat at Windsor market appears by the accounts of Eton College to have been £2 os 6½d which is about ten shillings and sixpence or more than five-and twenty per cent cheaper than it had been during the sixty four last years of the last century and

[1] Lowndes *Essay on the Silver Coin* p 68

about 9s 6d cheaper than it had been during the sixteen years preceding 1636 when the

posed to have produced its full effect According to this account the average price of middle wheat during these sixty four first years of the present century comes out to have been about thirty two shillings the quarter of eight bushels

The value of silver therefore seems to have risen somewhat in proportion to that of corn during the course of the present century and it had probably begun to do so even some time before the end of the last

In 1687 the price of the quarter of nine bushels of the best wheat at Windsor market was £1 5s 2d the lowest price at which it had ever been from 1595

In 1688 Mr Gregory King a man famous for his knowledge in matters of this kind estimated the average price of wheat in years of moderate plenty to be to the grower 3s 6d the bushel or eight and twenty shillings the quarter The grower s price I understand to be the same with what is sometimes called the contract price or the price at which a farmer contracts for a certain number of years to deliver a certain quantity of corn to

do at present had felt that the money price

grower s price to be in times of moderate plenty If his calculations deserve any part of the reputation which they have obtained very universally eight and forty shillings the quarter was a price which without some such expedient as the bounty could not at that

time be expected except in years of extraordinary scarcity But the government of King William was not then fully settled It was in no condition to refuse anything to the country gentlemen from whom it was at that very time soliciting the first establishment of the annual land tax

The value of silver therefore in proportion to that of corn had probably risen somewhat before the end of the *last* century and it *seems to* have continued to do so during the course of the greater part of the present though the necessary operation of the bounty must have hindered that rise from being so sensible as it otherwise would have been in the actual state of tillage

In plentiful years the bounty by occasioning an extraordinary exportation necessarily raises the price of corn above what it otherwise would be in those years To encourage tillage by keeping up the price of corn even in the most plentiful years was the avowed end of the institution

In years of great scarcity indeed the bounty has generally been suspended It must however have had some effect even upon the prices of many of those years By the extraordinary exportation which it occasions in years of plenty it must frequently hinder the plenty of one year from compensating the scarcity of another

Both in years of plenty and in years of scarcity therefore the bounty raises the price of corn above what it naturally would be in the actual state of tillage If during the sixty four first years of the present century therefore the average price has been lower than during the sixty four last years of the last century it must in the same state of tillage have been much more so had it not been for this operation of the bounty

But without the bounty it may be said the state of tillage would not have been the same What may have been the effects of this institution upon the agriculture of the country I shall endeavour to explain hereafter when I come to treat particularly of bounties I shall only observe at present that this rise in the value of silver in proportion to that of corn has not been peculiar to England It has been observed to have taken place in France during the same period and nearly in the same proportion too by three very faithful diligent and laborious collectors of the prices of corn Mr Dupre de St Maur Mr Messance and the author of the Essay on the police of grain But in France till 1764 the exportation of grain was by law prohibited and it is somewhat difficult to suppose that nearly the same diminution of price which took place in one country notwithstanding this prohibition should in another be owing to the extraordinary encouragement given to exportation

It would be more proper, perhaps to consider this variation in the average money price of corn as the effect rather of some gradual rise in the real value of silver in the European market than of any fall in the real average value of corn Corn it has already been observed is at distant periods of time a more accurate measure of value than either silver or perhaps any other commodity When after the discovery of the abundant mines of America corn rose to three and four times its for[illegible]

[illegible]

it had been during the greater part of the last century we should in the same manner impute this change not to any fall in the real value of corn but to some rise in the real value of silver in the European market

The high price of corn during these ten or twelve years past indeed has occasioned a suspicion that the real value of silver still continues to fall in the European market This high price of corn however *seems* evidently to have been the effect of the extraordinary unfavourableness of the seasons and ought therefore to be regarded not as a permanent but as a transitory and occasional event The seasons for these ten or twelve years past have been unfavourable through the greater part of Europe and the disorders of Poland have very much increased the scarcity in all those countries which in dear years used to be supplied from that market So long a course of bad seasons though not a very common event is by no means a singular one and whoever has inquired much into the history of the prices of corn in for[illegible] several [illegible] ears [illegible] not [illegible] ordi-

nary plenty The low price of corn from 1741 to 1750 both inclusive may very well be set in opposition to its high price during these last eight or ten years From 1741 to 1750 the average price of the quarter of nine bushels of the best wheat at Windsor market it appears from the accounts of Eton College was only £1 13s 9½d which is nearly 6s 3d below the average price of the sixty four first years of the present century The average price of the quarter of eight bushels of middle wheat comes out according to this account to have been during these ten years, only £1 6s 8d

Between 1741 and 1750 however, the bounty

must have hindered the price of corn from falling so low in the home market as it nat urally would have done During these ten years the quantity of all sorts of grain ex ported, it appears from the custom house books amounted to no less than eight mil

[illegible]

It is unnecessary to observe how much this forced exportation must have raised the price of corn above what it otherwise would have been in the home market

At the end of the accounts annexed to this chapter the reader will find the particular account of those ten years separated from the rest He will find there too the particular

[illegible]

for example If the former have not been as much below the general average as the latter

[illegible]

fect can be accounted for only by a cause which can operate *suddenly, the accidental* variation of the seasons

The money price of labour in Great Britain has indeed risen during the course of the present century This however seems to be the effect not so much of any diminution in the value of silver in the European mar ket as of an increase in the demand for la

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since the middle of the last century been ob served to sink gradually with the average money price of corn Both in the last century and in the present the day wages of common labour are there said to have been pretty uniformly about the twentieth part of the average price of the septier of wheat, a measure which contains a little more than four Winchester bushels In Great Britain the real recompense of labour, it has already been shown the real quantities of the necessaries and conveniencies of life which are given to the labourer, has increased considerably dur ing the course of the present century The rise in its money price seems to have been the effect, not of any diminution of the value of silver in the general market of Europe but of a rise in the real price of labour in the par ticular market of Great Britain owing to the peculiarly happy circumstances of the coun try

For some time after the first discovery of America, silver would continue to sell at its former or not much below its former price

[illegible]

the gross produce eats up it has already been observed the whole rent of the land This tax was originally a half it soon after wards fell to a third then to a fifth and at last to a tenth at which rate it still con tinues In the greater part of the silver mines of Peru this it seems is all that remains after replacing the stock of the undertaker of the work together with its ordinary profits and

[illegible]

course of ninety years or before 1630 these mines the most fertile in all America had time sufficient to produce their full effect or to reduce the value of silver in the European market as low as it could well fall, while it continued to pay this tax to the King of

[1] See *Tracts on the Corn Trade* Tract 3.

[2] *Solorzano*, vol. ii.

the silver mines of America is probably the cause which has prevented this from happening and which has not only kept up the value of silver in the European market but has

tensive

First the market of Europe has become gradually more and more extensive Since the

wards The fall of Italy preceded the conquest of Peru Since that time it seems rather to have recovered a little Spain and Portugal indeed are supposed to have gone backwards Portugal however is but a very small part of Europe and the declension of Spain is not perhaps so great as is commonly imagined In the beginning of the sixteenth century

necessarily have required a gradual increase in the quantity of silver coin to circulate it and the increasing number of wealthy indi

as its advances in agriculture industry and population are much more rapid than those of the most thriving countries in Europe, its demand must increase much more rapidly The English colonies are altogether a new market, which, partly for coin and partly for plate requires a continually augmenting supply of silver through a great continent where there never was any demand before The

ropeans inhabited by savage nations who had neither arts nor agriculture A considerable degree of both has now been introduced into all of them Even Mexico and Peru though they cannot be considered as altogether new markets are certainly much more extensive ones than they ever were before After all the wonderful tales which have been published concerning the splendid state of those countries in ancient times, whoever reads with any degree of sober judgment, the history of their first discovery and conquest will evidently discern that in arts agriculture and commerce, their inhabitants were much more ignorant than the Tartars of the Ukraine

own clothes shoes and instruments of agriculture The few artificers among them are said to have been all maintained by the sovereign the nobles and the priests and were probably their servants or slaves All the ancient arts of Mexico and Peru have never furnished one single manufacture to Europe The Spanish armies though they scarce ever exceeded five hundred men and frequently did not amount to half that number found

time are represented as very populous and well cultivated sufficiently demonstrate that the story of this populousness and high cultivation is in a great measure fabulous The Spanish colonies are under a government in

happy climate the great abundance and cheapness of land a circumstance common to all new colonies is it seems so great an advantage as to compensate many defects in

civil government Frezier, who visited Peru in 1713, represents Lima as containing between twenty five and twenty eight thousand inhabitants Ulloa, who resided in the same country between 1740 and 1746, represents it as containing more than fifty thousand The difference in their accounts of the populousness of several other principal towns in Chili and Peru is nearly the same, and as there seems to be no reason to doubt of the good information of either, it marks an increase which is scarce inferior to that of the

more rapidly than that of the most thriving country in Europe

Thirdly, the East Indies is another market for the produce of the silver mines of America, and a market which, from the time of the first discovery of those mines, has been continually taking off a greater and a greater quantity of silver Since that time, the direct

century, but it has been greatly augmented in the course of the present The East India trade of the Swedes and Danes began in the course of the present century Even the Mus-

value of the tea annually imported by the English East India Company, for the use of their own countrymen, amounts to more than a million and a half a year; and even this is not enough, a great deal more being constantly smuggled into the country from the ports of Holland, from Gottenburg in Sweden, and from the coast of France too, as

ing the last century, was not, perhaps, much greater than that of the English East India Company before the late reduction of their shipping.

But in the East Indies, particularly in China and Indostan, the value of the precious metals, when the Europeans first began to trade to those countries, was much higher than in Europe, and it still continues to be so In rice countries, which generally yield two, sometimes three crops in the year, each of them more plentiful than any common crop of corn, the abundance of food must be much greater than in any corn country of equal extent Such countries are accordingly much more populous In them, too, the rich, having a greater superabundance of food to dispose of beyond what they themselves can consume,

posal, enables them to give a greater quantity of it for all those singular and rare productions which nature furnishes but in very

the precious metals seem to have been a good

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what lower, and that of food, the first of all necessaries, a great deal lower in the one country than in the other But the real price of

labour the real quantity of the necessaries of life which is given to the labourer, it has already been observed is lower both in China and Indostan the two great markets of India than it is through the greater part of Europe The wages of the labourer will there purchase a smaller quantity of food and as the money price of food is much lower in India than in Europe the money price of labour is there lower upon a double account upon account both of the small quantity of food which it will purchase and of the low price of that food But in countries of equal art and industry the money price of the greater part of manufactures will be in proportion to the money price of labour and in manufacturing art and industry China and Indostan though inferior seem not to be much inferior to any part of Europe The money price of the greater part of manufactures therefore will naturally be much lower in those great empires than it is anywhere in Europe Through the greater part of Europe too the expense of land-carriage increases very much both the real and nominal price of most manufactures It costs more labour, and therefore more money to bring first the materials, and afterwards the complete manufacture to market In China and Indostan the extent and variety of inland navigation save the greater part of this labour and consequently of this money and thereby reduce still lower both the real and the nominal price of the greater part of their manufactures Upon all those accounts the precious metals are a commodity which it always has been and still continues to be extremely advantageous to carry from Europe to India There is scarce any commodity which brings a better price there or which in proportion to the quantity of labour and commodities which it costs in Europe will purchase or command a greater quantity of labour and commodities in India It is more advantageous too to carry silver thither than gold because in China and the greater part of the other markets of India the proportion between fine silver and fine gold is but as ten or at most as twelve to one whereas in Europe it is as fourteen or fifteen to one In China and the greater part of the other markets of India ten or at most twelve ounces of silver will purchase an ounce of gold in Europe it requires from fourteen to fifteen ounces In the ca[illegible]

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dia[illegible]

valua[illegible] it is the most valuable article in the Acapulco ships which sail to Manilla The silver of the new continent seems in this manner to be one of the principal commodities by which the commerce between the two extremities of the old one is carried on and it is by means of it, in a great measure that those distant parts of the world are connected with one another

In order to supply so very widely extended a market the quantity of silver annually brought from the mines must not only be sufficient to support that continual increase both of coin and of plate which is required in all thriving countries but to repair that continual waste and consumption of silver which takes place in all countries where that metal is used

The continual consumption of the precious metals in coin by wearing and in plate both by wearing and cleaning is very sensible and in commodities of which the use is so very widely extended would alone require a very great annual supply The consumption of those metals in some particular manufactures, though it may not perhaps be greater upon the whole than this gradual consumption is, however much more sensible as it is much more rapid In the manufactures of Birmingham alone the quantity of gold and silver annually employed in gilding and plating and thereby disqualified from ever afterwards appearing in the shape of those metals is said to amount to more than fifty thousand pounds sterling We may from thence form some notion how great must be the annual consumption in all the different parts of the world either in manufactures of the same kind with those of Birmingham or in laces embroideries gold and silver stuffs the gilding of books furniture etc A considerable quantity too must be annually lost in transporting those metals from one place to another both by sea and by land In the greater part of the governments of Asia besides the almost universal custom of concealing treasures in the bowels of the earth of which the knowledge frequently dies with the person who makes the concealment must occasion the loss of a still greater quantity

The quantity of gold and silver imported at both Cadiz and Lisbon (including not only what comes under register but what may be supposed to be smuggled) amounts according to the best accounts to about six millions sterling a year

According to Mr Meggens' the annual importation of the precious metals into Spain at an average of six years viz from 1748 to 1753 both inclusive and into Portugal at an average of seven years viz from 1747

Postscript to the *Universal Merchant* pp 15 and 16 This postscript was not printed till 1756 three years after the publication of the book which has never had a second edition The postscript is therefore to be found in few copies It corrects several errors in the book

to 1753, both inclusive, amounted in silver to 1,101,107 pounds weight, and in gold to 29,940 pounds weight The silver, at sixty-two shillings the pound Troy, amounts to £3,413,431 10s sterling The gold, at forty-four guineas and a half the pound Troy,

of each metal

been smuggled The great experience of this judicious merchant renders his opinion of considerable weight

According to the eloquent and, sometimes,

Spain, at an average of eleven years, from 1754 to 1764, both inclusive, amounted to 13,984,185¾ piastres of ten reals On account of what may have been smuggled, how-

which the gold and silver were brought, and of the particular quantities of each metal which, according to the register, each of them afforded He informs us, too, that if we were to judge of the quantity of gold annually imported from the Brazils into Lisbon by the amount of the tax paid to the King of Portugal which it seems is one-fifth of the

sterling On account of what may have been smuggled, however, we may safely, he says, add to the sum an eighth more, or £250 000 sterling so that the whole will amount to

by the Acapulco ships to Manilla, some part is employed in the contraband trade which the Spanish colonies carry on with those of other European nations, and some part, no doubt remains in the country The mines of America, besides, are by no means the only

annually import

consumption of Birmingham alone, at

count, imagine that those coarse metals are likely to multiply beyond the demand, or to become gradually cheaper and cheaper Why should we imagine that the precious metals are likely to do so? The coarse metals, indeed, though harder, are put to much harder uses, and as they are of less value, less care is employed in their preservation The precious metals however, are not necessarily immortal any more than they, but are liable, too, to be lost, wasted, and consumed in a great variety of ways

The price of all metals, though liable to

corn which was brought

different years must supply the consumption of the world will always be nearly in proportion to the respective produce of those diff

ent years But the proportion between the different masses of iron which may be in use in two different years will be very little affected by any accidental difference in the produce of the iron mines of those two years and the proportion between the masses of gold will be still less affected by any such difference in the produce of the gold mines Though the produce of the greater part of metallic mines therefore varies perhaps still more from year to year than that of the greater part of corn fields, those variations have not the same effect upon the price of the one species of commodities as upon that of the other

VARIATIONS IN THE PROPORTION BETWEEN THE RESPECTIVE VALUES OF GOLD AND SILVER

Before the discovery of the mines of America, the value of fine gold to fine silver was regulated in the different mints of Europe between the proportions of one to ten and one to twelve that is an ounce of fine gold was supposed to be worth from ten to twelve ounces of fine silver About the middle of the last century it came to be regulated between the proportions of one to fourteen and one to fifteen that is an ounce of fine gold came to be supposed to be worth between fourteen and fifteen ounces of fine silver Gold rose in its nominal value or in the quantity of silver which was given for it Both metals sunk in their real value or in the quantity of labour which they could purchase but silver sunk more than gold Though both the gold and silver mines of America exceeded in fertility all those which had ever been known before the fertility of the silver mines had it seems been proportionably still greater than that of the gold ones

The great quantities of silver carried annually from Europe to India have in some of the English settlements, gradually reduced the value of that metal in proportion to gold In the mint of Calcutta an ounce of fine gold is supposed to be worth fifteen ounces of fine silver in the same manner as in Europe It is in the mint perhaps rated too high for the value which it bears in the market of Bengal In China the proportion of gold to silver still continues as one to ten or one to twelve In Japan it is said to be as one to eight

The proportion between the quantities of gold and silver annually imported into Europe according to Mr Meggens's account is as one to twenty two nearly that is for one ounce of gold there are imported a little more than twenty two ounces of silver The great quantity of silver sent annually to the East Indies reduces he supposes the quantities of those metals which remain in Europe to the proportion of one to fourteen or fifteen the proportion of their values The proportion between their values, he seems to think must necessarily be the same as that between their quantities and would therefore be as one to twenty two were it not for this greater exportation of silver

But the ordinary proportion between the respective values of two commodities is not necessarily the same as that between the quantities of them which are commonly in the market The price of an ox reckoned at ten guineas is about threescore times the price of a lamb reckoned at 3s 6d It would be absurd however to infer from thence that there are commonly in the market threescore lambs for one ox and it would be just as absurd to infer because an ounce of gold will commonly purchase from fourteen to fifteen ounces of silver that there are commonly in the market only fourteen or fifteen ounces of silver for one ounce of gold

The quantity of silver commonly in the market it is probable is much greater in proportion to that of gold than the value of a certain quantity of gold is to that of an equal quantity of silver The whole quantity of a cheap commodity brought to market is commonly not only greater but of greater value than the whole quantity of a dear one The whole quantity of bread annually brought to market is not only greater but of greater value than the whole quantity of butcher's meat the whole quantity of butcher's meat than the whole quantity of poultry and the whole quantity of poultry than the whole quantity of wild fowl There are so many more purchasers for the cheap than for the dear commodity that not only a greater quantity of it but a greater value can commonly be disposed of The whole quantity therefore of the cheap commodity must commonly be greater in proportion to the whole quantity of the dear one than the value of a certain quantity of the dear one is to the value of an equal quantity of the cheap one When we compare the precious metals with one another silver is a cheap and gold a dear commodity We ought naturally to expect therefore that there should always be in the market not only a greater quantity but a greater value of silver than of gold Let any man who has a little of both compare his own silver with his gold plate and he will probably find that not only the quantity but the value of the former greatly exceeds that of the latter Many people besides have a good deal of silver who have no gold plate which even with those who have it is generally confined to watch cases snuff boxes and such like trinkets of which the whole amount is seldom of great value In the British coin indeed the value of the gold preponderates greatly, but it is

not so in that of all countries In the coin of some countries the value of the two metals is nearly equal In the Scotch coin, before the union with England, the gold preponderated very little, though it did somewhat,[1] as it appears by the accounts of the mint In the coin of many countries the silver preponder-

ponderancy of the gold coin above the silver,

cheaper than silver A commodity may be said to be dear *or cheap*, not only *according* to the absolute greatness or smallness of its usual

silver The profits of the undertakers of gold mines too, as they more rarely make a fortune, must, in general, be still more moderate

the Spanish market, be somewhat nearer to the lowest price for which it is possible to bring it thither than the price of Spanish silver When all expenses are computed, the whole quantity of the one metal, it would

[1]See Ruddiman's preface to Anderson's *Diplomata, etc, Scotiæ*

Though it is not very probable that any

may in time make it necessary to reduce it *still further, in the same manner as it made* it necessary to reduce the tax upon gold to

necessary to carry on *the works*, and of the greater expense of drawing out the water and of supplying them with fresh air at those

In consequence of such reductions many mines may be wrought which could not be wrou ht before, because they could not affo the old tax: and the quantity o ly brought

what greater and therefore the value of any given quantity somewhat less than it other wise would have been In consequence of the reduction in 1736 the value of silver in the European market though it may not at this day be lower than before that reduction is probably at least ten per cent lower than it would have been had the Court of Spain continued to exact the old tax

That notwithstanding this reduction the value of silver has during the course of the present century begun to rise somewhat in the European market the facts and argu

form upon t is subject scarce perhaps de serves the name of belief The rise indeed supposing there has been any has hitherto been so very small that after all that has been said it may perhaps appear to many people uncertain not only whether this event has actually taken place but whether the con trary may not have taken place or whether the value of the silver may not still continue to fall in the European market

It must be observed however that what ever may be the supposed annual importa tion of gold and silver there must be a cer tain period at which the annual consump tion of those metals will be equal to that annual importation Their consumption must increase as their mass increases or rather in a much greater proportion As their mass increases their value diminishes They are more used and less cared for and their con sumption consequently increases in a greater proportion than their mass After a certain period therefore the annual consumption of those metals must in this manner become equal to their annual importation provided that importation is not continually increasing which in the present times is not supposed to be the case

If when the annual consumption has be come equal to the annual importation the

maint n

GROUNDS OF THE SUSPICION THAT THE VALUE OF SILVER STILL CONTINUES TO DECREASE

The increase of the wealth of Europe and the popular notion that as the quantity of the precious metals naturally increases with the increase of wealth so their value diminishes as their quantity increases may perhaps dispose many people to believe that their value still continues to fall in the European market and the still gradually increasing price of many parts of the rude produce of land may confirm them still further in this opinion

That that increase in the quantity of the precious metals which arises in any country from the increase of wealth has no tendency to diminish their value I have endeavoured to show already Gold and silver naturally re sort to a rich country for the same reason that all sorts of luxuries and curiosities re sort to it not because they are cheaper there than in poorer countries but because they are dearer or because a better price is given for them It is the superiority of price which attracts them and as soon as that superiority ceases they necessarily cease to go thither

If you except corn and such other vegeta bles as are raised altogether by human indus try that all other sorts of rude produce cattle poultry game of all kinds the useful fossils and minerals of the earth etc naturally grow dearer as the society advances in wealth and improvement I have endeavoured to show al ready Though such commodities therefore come to exchange for a greater quantity of silver than before it will not from thence fol low that silver has become really cheaper or will purchase less labour than before but that such commodities have become really dearer or will purchase more labour than before It is not their nominal price only but their real price which rises in the progress of improve ment The rise of their nominal price is the effect not of any degradation of the value of silver but of the rise in their real price

DIFFERENT EFFECTS OF THE PROGRESS OF IMPROVEMENT UPON THREE DIFFER ENT SORTS OF RUDE PRODUCE

tity of industry is either limited or u certain In the progress of wealth and im provement the real price of the first may rise to any degree of extravagance and seems not to be limited by any certain boundary That of the second though it may rise great ly has however a certain boundary beyond which it cannot well pass for any considerable time together That of the third though its natural tendency is to rise in the progress of improvement yet in the same degree of im

provement it may sometimes happen even to fall sometimes to continue the same and sometimes to rise more or less according as different accidents render the efforts of human industry in multiplying this sort of rude produce more or less successful

FIRST SORT

The first sort of rude produce of which the price rises in the progress of improvement is that which it is scarce in the power of human industry to multiply at all It consists in those things which nature produces only in certain quantities and which being of a very perishable nature it is impossible to accumulate together the produce of many different seasons Such are the greater part of rare and singular birds and fishes many different sorts of game almost all wild fowl all birds of passage in particular as well as many other things When *wealth and the luxury which accompanies it* increase the demand for these is likely to in*crease with them and no effort of* human industry may be able to increase the supply much beyond what it was before this increase of the demand The quantity of such commodities therefore remaining the same or nearly the same while the competition to purchase them is continually increasing their price may rise to any degree of extravagance and seems not to be limited by any certain boundary If woodcocks should become so fashionable as to sell for twenty guineas apiece no effort of human industry could increase the number of those brought to market much beyond what it is at present The high price paid by the Romans in the time of their greatest grandeur for rare birds and fishes may in this manner easily be accounted for These prices were not the effects of the low value of silver in those times but of the high value of such rarities and curiosities as human industry could not multiply at pleasure The real value of silver was higher at Rome for some time before and after the fall of the republic, than it is through the greater part of Europe at *present Three sestertii* equal to about sixpence sterling was the price which the republic paid for the modius or peck of the tithe wheat of Sicily This price however was probably below the average market price the obligation to deliver their wheat at this rate being considered as a tax upon the Sicilian farmers When the Romans therefore had occasion to order more corn than the tithe of wheat amounted to they were bound by capitulation to pay for the surplus at the rate of four sestertii or eightpence sterling the peck, and this had probably been reckoned the moderate and reasonable that is the ordinary or average contract price of those times it is equal to about one-and twenty shillings the quarter Eight-and twenty shillings the quarter was before the late years of scarcity, the ordinary contract price of English wheat which in quality is inferior to the Sicilian and generally sells for a lower price in the European market The value of silver therefore in those ancient times must have been to its value in the present as three to four inversely that is three ounces of silver would then have purchased the same quantity of labour and commodities which four ounces will do at present When we read in Pliny therefore, that Seius[1] bought a white nightingale as a present for the Empress Agrippina at a price of six thousand sestertii equal to about fifty pounds of our present money and that Asinius Celer[2] purchased a surmullet at the price of eight thousand sestertii equal to about sixty-six pounds thirteen shillings and fourpence of our present money, *the extravagance of those prices how much* soever it may surprise us is apt notwith*standing to appear to us about one-third less* than it really was Their real price the quantity of labour and subsistence which was given away for them was about one third more than their nominal price is apt to express to us in the present times Seius gave for the nightingale the command of a quantity of labour and subsistence equal to what £66 13s 4d would purchase in the present times and Asinius Celer gave for the surmullet the command of a quantity equal to what £88 17s 9¾d would purchase What occasioned the extravagance of those high prices was, not so much the abundance of silver as the abundance of labour and subsistence of which those Romans had the disposal beyond what was necessary for their own use The quantity of silver of which they had the disposal was a good deal less than what the command of the same quantity of labour and subsistence would have procured to them in the present times

SECOND SORT

The second sort of rude procedure of which the price rises in the progress of improvement is that which human industry can multiply in proportion to the demand It consists in those useful plants and animals which in uncultivated countries, nature produces with such profuse abundance that they are of little or no value and which as cultivation advances are therefore forced to give place to some more profitable produce During a long period in the progress of improvement the quantity of these is continually diminishing while at the same time the demand for them is continually increasing Their real value therefore the real quantity of labour which

[1] Pliny x 29 [2] Pliny ix, 17

they will purchase or command gradually rises till at last it gets so high as to render

If it did more land and more industry would soon be employed to increase their quantity

When the price of cattle, for example rises so high that it is as profitable to cultivate land in order to raise food for them as in order to raise food for man it cannot well go higher If it did more corn land would soon

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produces

without labour or cultivation and by increasing the number of those who have either corn or, what comes to the same thing the price of corn to give in exchange for it increases the demand The price of butcher s meat, therefore and consequently of cattle must gradually rise till it gets so high that it becomes as profitable to employ the most fertile and best cultivated lands in raising food for them

price of cattle has not yet got to this height It had not got to this height in any part of Scotland before the union Had the Scotch

proportion to what can be applied to other purposes it is scarce possible perhaps that their price could ever have risen so high as to render it profitable to cultivate land for the sake of feeding them In England the price

progress of improvement first rises to this height

Till the price of cattle indeed has got to

from any town to carry manure from it, that is in the far greater part of those of every extensive country, the quantity of well-cultivated land must be in proportion to the quantity of manure which the farm itself produces and this again must be in proportion to the stock of cattle which are maintained upon it The land is manured either by pasturing the cattle upon it or by feeding them in the stable and from thence carrying out their dung to it But unless the price of the cattle be sufficient to pay both the rent and profit of cultivated land the farmer cannot afford to pasture them upon it and he can still less afford to feed them in the stable It is with

require too much labour and be too expensive If the price of cattle, therefore is not sufficient to pay for the produce of improved and cultivated land when they are allowed to pasture it, that price will be still less sufficient to pay for that produce when it must

stantly in good condition all the lands which they are capable of cultivating What they afford being insufficient for the whole farm will naturally be reserved for the lands to which it can be most advantageously or conveniently applied the most fertile or those

seven years together may be ploughed up when it will yield perhaps a poor crop or two of bad oats or of some other coarse grain and then being entirely exhausted it must be rested and pastured again as before and another portion ploughed up to be in the same manner exhausted and rested again in its turn Such accordingly was the general system of management all over the low country of Scotland before the union The lands which were kept constantly well manured and in good condition seldom exceeded a third or a fourth

part of the whole farm, and sometimes did not amount to a fifth or a sixth part of it The rest were never manured but a certain por-

capable of good cultivation could produce but little in comparison of what it may be ca

customs, but in most places to the unavoid able obstructions which the natural course of things opposes to the immediate or speedy establishment of a better system first, to the poverty of the tenants, to their not having yet had time to acquire a stock of cattle suffi-

which must go hand in hand,

stock but in consequence of a considerable

of land because otherwise the

with England, this rise in the price of cattle is, perhaps, the greatest It has not only raised the value of all highland estates, but it has, perhaps, been the principal cause of the improvement of the low country

In all new colonies the great quantity of waste land which can for many years be ap-

sary consequence of great abundance all the cattle of the European colonies in America were originally carried from Europe.

It must be a long time, after the first estab

between the stock employed in cultivation, and the land which it is destined to cultivate, are likely to introduce there a system of hus bandry not unlike that which still continues to take place in so many parts of Scotland Mr Kalm, the Swedish traveller, when he

of the husbandry of some of

he says, but when one piece of ground has been exhausted by continual cropping, they

of fresh land,

long ago extirpated almost all the annual grasses by cropping them too early in the spring, before they had time to form their flowers, or to shed their seeds[1] The annual grasses were, it seems, the best natural grasses

North America, and when the

one generation to another They were prob ably not unlike that stunted breed which was common all over Scotland thirty or forty

feeding them

bring it, it seems impossible that improvement can be brought near even to that degree of perfection to which it has arrived in many parts of Europe

As cattle are among the first, so perhaps venison is among the last parts of this sort of rude produce which bring this price The price

come an article of common farming, in the same manner as the feeding of those small birds called Turdi was among the ancient

the wealth and luxury of Great Britain increase as they have done for some time past, its price may very probably rise still higher than it is at present

Between that period in the progress of improvement which brings to its height the price of so necessary an article as cattle, and that which brings to it the price of such a superfluity as venison there is a very long interval, in the course of which many other sorts of rude produce gradually arrive at their highest price some sooner and some later, according to different circumstances

Thus in every farm the offals of the barn and stables will maintain a certain number of poultry These, as they are fed with what would otherwise be lost are a mere save all, and as they cost the farmer scarce anything,

things, therefore, they are often as cheap as butcher's meat or any other sort of animal

reared upon it, and in times of wealth and luxury what is rare, with only nearly equal merit, is always preferred to what is common As wealth and luxury increase, therefore, in

for the sake of feeding them When it has got

to this height it cannot well go higher If it did, more land would soon be turned to this

dred fowls in his yard The feeding of poultry

particular sort of animal food is dearest must naturally be that which immediately precedes the general practice of cultivating land for the sake of raising it For some time before this practice becomes general, the scarcity must necessarily raise the price After it has become general, new methods of feeding are commonly fallen upon which enable the farmer to raise upon the same quantity of

the plenty would not be of long continuance It has been probably in this manner that the introduction of clover, turnips, carrots, cabbage, etc, has contributed to sink the common price of butcher's meat in the London market somewhat below what it was about the beginning of the last century

The hog, that finds his food among ordure and greedily devours many things rejected by every other useful animal is, like poultry, originally kept as a save all As long as the number of such animals, which can thus be reared at little or no expense, is fully sufficient to supply the demand this sort of butcher's meat comes to market at a much lower price than any other But when the

rises, and becomes proporti ... higher or lower than that of other bu... meat, according as the nature of t... and the state of its agriculture, h... ler the feeding of hogs more or l... than that of other cattle In F... ding to Mr Buffon, the price of ... equal to that of beef In most p... Brit ain it is at present somewh...

The great rise in the price ... and poultry has in Great Brita... ly

imputed to the diminution of the number of cottagers and other small occupiers of land, an event which has in every part of Europe been the immediate forerunner of improvement and better cultivation, but which at the same time may have contributed to raise the price of those articles both somewhat sooner *and somewhat faster than it would otherwise* have risen As the poorest family can often maintain a cat or a dog without any expense, so the poorest occupiers of land can commonly maintain a few poultry, or a sow and a few pigs, at very little The little offals of their own table, their whey, skimmed milk, and buttermilk supply those animals with a part of their food and they find the rest in [illegible]

[illegible]

have been raised both sooner and faster than it would otherwise have risen Sooner or later, however, in the progress of improvement, it must at any rate have risen to the utmost height to which it is capable of rising; or to the price which pays the labour and expense of cultivating the land which furnishes them with food as well as these are paid upon the greater part of other cultivated land

The business of the dairy, like the feeding of hogs and poultry, is originally carried on as a save all The cattle necessarily kept upon the farm produce more milk than either the rearing of their own young or the consumption of the farmer's family requires, and they produce most at one particular season But of all the productions of land, milk is perhaps the most perishable In the warm season, when it is most abundant it will [illegible]

[illegible]

it into cheese, he stores a much greater part of it for several years Part of all these is reserved for the use of his own family The [illegible]

[illegible]

[illegible] business to be [illegible] on amidst the smoke, filth and nastiness of his own kitchen, as was the case of almost all the farmers' dairies in Scotland thirty or forty years ago, and as is the case of many of them still The same causes which gradually raise the price of butcher's meat, the increase of the demand and, in consequence of the improvement of the country, the diminution of the quantity which can be fed at little [illegible]

[illegible]

bour, care, and cleanliness The dairy becomes more worthy of the farmer's attention, and the quality of its produce gradually improves The price at last gets so high that it becomes worth while to employ some of *the most fertile and best cultivated lands* in feeding cattle merely for the purpose of the dairy, and when it has got to this height, it cannot well go higher If it did, more land would soon be turned to this purpose It [illegible]

[illegible]

got to this height anywhere in Scotland, [illegible]

[illegible]

ably within these few years, is probably still [illegible]

[illegible]

of what is brought to market could not, I apprehend, in the present circumstances of the country, be disposed of at a much better price and the present price, it is probable would not pay the expense of the land and labour necessary for producing a much better quality Though the greater part of England notwithstanding the superiority of price, the dairy is not reckoned a more profitable [illegible]

[illegible]

so profitable

The lands of no country, it is evident, can ever be completely cultivated and improved till once the price of every produce, which human industry is obliged to raise upon them [illegible]

rent of good corn land, as it is that which regulates the rent of the greater part of other cultivated land, and, secondly, to pay the labour and expense of the farmer as well as they are commonly paid upon good corn land, or, in other words, to replace with the ordinary profits the stock which he employs about it This rise in the price of each particular produce must evidently be previous to the improvement and cultivation of the land which is destined for raising it Gain is the end of all improvement, and nothing could deserve that name of which loss was to be the necessary consequence But loss must be the necessary consequence of improving land for the sake of a produce of which the price could never bring back the expense If the complete improvement and cultivation of the country be, as it most certainly

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sidered as a public calamity, ought to be regarded as the necessary forerunner and attendant of the greatest of all public advantages

This rise, too, in the nominal or money-

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their real price They have become worth, not only a greater quantity of silver, but a greater quantity of labour and subsistence than before As it costs a greater quantity of labour and subsistence to bring them to market, so when they are brought thither, they represent or are equivalent to a greater quantity.

THIRD SORT

The third and last sort of rude produce, of which the price naturally rises in the progress of improvement is that in which the efficacy of human industry, in augmenting the quantity, is either limited or uncertain Though the real price of this sort of rude produce, therefore, naturally tends to rise in the progress of improvement, yet, according as different accidents happen to render the efforts of human industry more or less successful in augmenting the quantity, it may happen sometimes even to fall sometimes to continue the same in very different periods of improvement, and sometimes to rise more or less in the same period

There are some sorts of rude produce which nature has rendered a kind of appendages to other sorts, so that the quantity of the one which any country can afford, is necessarily limited by that of the other The quantity of wool or of raw hides for example, which any country can afford is necessarily limited by the number of great and small cattle that

improvement, gradually raise the price of butcher's meat, should have the same effect, it may be thought, upon the prices of wool

markets is commonly extremely different.

The market for butcher's meat is almost everywhere confined to the country which

only countries in the commercial world do so, or which export to other countries any considerable part of their butcher's meat

raw hides on the

not occasion any

In countries ill cultivated, and therefore but thinly inhabited, the price of the wool and the hide bears always a much greater proportion to that of the whole beast than in countries where, improvement and population being further advanced, there is more demand for butcher's meat Mr Hume observes that in the Saxon times the fleece was estimated at two-fifths of the value of the whole sheep and that this was much above the proportion of its present estimation In some provinces of Spain, I have been assured, the sheep is frequently killed merely for the sake of the fleece and the tallow The carcase is often left to rot upon the ground, or to be devoured by beasts and birds of prey If this sometimes happens even in Spain, it happens almost constantly in Chili, at Buenos Ayres, and in many other parts of Spanish America, where the horned cattle are almost constantly killed merely for the sake of the hide and the tallow This, too, used to happen almost constantly in Hispaniola, while it was infested by the Buccaneers, and before the settlement, improvement, and populousness of the French plantations (which now extend round the coast of almost the whole western half of the island) had given some value to the cattle of the Spaniards, who still

continue to possess, not only the eastern part of the coast, but the whole inland and mountainous part of the country

than that of the wool and the hide The market for the carcase, being in the rude state of society confined always to the country which produces it, must necessarily be extended in proportion to the improvement and popula-

mercial world can seldom be much affected by the improvement of any particular country, and the market for such commodities may remain the same or very nearly the same after such improvements as before It should, however, in the natural course of things rather upon the whole be somewhat extended in consequence of them If the

had usually been the expense of transporting them to distant countries Though it might not rise therefore in the same proportion as that of butcher's meat, it ought naturally to rise somewhat, and it ought certainly not to fall

strate that during the reign of that prince (*towards the middle of the fourteenth century, or about 1339*) what was reckoned the

ter, ten shillings was in those ancient times the price of twelve bushels of wheat At the rate of twenty-eight shillings the quarter, one-and twenty shillings is in the present times the price of six bushels only The proportion between the real prices of ancient and modern times, therefore, is as twelve to six, or as two to one In those ancient times a tod of wool would have purchased twice the quantity of subsistence which it will purchase at present, and consequently twice the quantity of labour, if the real recompense of labour had been the same in both periods

porting it from Ireland to any other country but England In consequence of these regulations the market for English wool, instead of being somewhat extended in consequence of the improvement of England, has been confined to the home market, where the wool of several other countries is allowed to come into competition with it, and where that of Ireland is forced into competition with it

work up but a small part of their own wool

I have not been able to find any such au-

But this seems not to have been the case with *raw hides Fleetwood, however, from* an account in 1425, between the prior of Burcester Oxford and one of his canons, gives us their price, at least as it was stated upon that particular occasion, viz, five ox hides at twelve shillings, five cow hides at seven shillings and threepence, thirty six sheep skins of two years old at nine shillings, sixteen calves skins at two shillings In 1425, twelve shillings contained about the same quantity of silver as four and twenty shillings of our present money An ox hide, therefore, was in this account valued at the same quantity of silver as 4s four fifths of our present money Its nominal price was a good deal lower than at present But at the rate of six shillings and eightpence the quarter, twelve shillings would in those times [2]

[1] See Smith's *Memoirs of Wool*, vol i, c. 5, 6, and 7, also, vol ii, c. 176

purchased fourteen bushels and four fifths of a bushel of wheat which at three and six pence the bushel would in the present times cost 51s 4d An ox hide therefore would in those times have purchased as much corn as ten shillings and threepence would purchase at present Its real value was equal to ten shillings and threepence of our present money In those ancient times when the cattle were half starved during the greater part of the winter we cannot suppose that they were of a very large size An ox hide which weighs four stone of sixteen pounds avoirdupois is not in the present times reckoned a bad one and in those ancient times would probably have been reckoned a very good one But at half a-crown the stone which at this moment (February 1773) I understand to be the com

quantity of subsistence which it will purchase or command is rather somewhat lower The price of cow hides as stated in the above account is nearly in the common proportion to that of ox hides That of sheep skins is a good deal above it They had probably been sold with the wool That of calves skins on the contrary is greatly below it In countries where the price of cattle is very low the calves which are not intended to be reared in order to keep up the stock are generally killed very young as was the case in Scotland twenty or thirty years ago It saves the milk which their price would not pay for Their skins therefore are commonly good for little

The price of raw hides is a good deal lower at present than it was a few years ago owing probably to the taking off the duty upon seal skins and to the allowing for a limited time the importation of raw hides from Ireland and from the plantations duty free which was done in 1769 Take the whole of the present century at an average their real price has probably been somewhat higher than it was in those ancient times The nature of the commodity renders it not quite so proper for being transported to distant markets as wool It suffers more by keeping A salted hide is reckoned inferior to a fresh one and sells for a lower price This circumstance must necessarily have some tendency to sink the price of raw hides produced in a country which does not manufacture them but is obliged to export them and comparatively to raise that of those produced in a country which does manufacture them It must have some tendency to sink their price in a barbarous, and to raise it in an improved and manufacturing country It must have had some tendency therefore to sink it in ancient and to raise it in modern times Our tanners, besides have not been quite so successful as our clothiers in convincing the wisdom of the nation that the safety of the commonwealth depends upon the prosperity of their particular manufacture They have accordingly been much less favoured The exportation of raw hides has indeed been prohibited and declared a nuisance but their importation from foreign countries has been subjected to a duty and though this duty has been taken off from those of Ireland and the plantations (for the limited time of five years only), yet Ireland has not been confined to the market of Great Britain for the sale of its surplus hides or of those which are not manufactured at home The hides of common cattle have but within these few years been put among the enumerated commodities which the plantations can send nowhere but to the mother country neither has the commerce of Ireland been in this case oppressed hitherto in order to support the manufactures of Great Britain

Whatever regulations tend to sink the price either of wool or of raw hides below what it naturally would be must in an improved and cultivated country have some tendency to raise the price of butcher s meat The price both of the great and small cattle which are fed on improved and cultivated land must be sufficient to pay the rent which the landlord and the profit which the farmer has reason to expect from improved and cultivated land If it is not they will soon cease to feed them Whatever part of this price therefore is not paid by the wool and the hide must be paid by the carcase The less there is paid for the one the more must be paid for ... ce is to be ... the beast ... d farmers. In an improved and cultivated country therefore their interest as landlords and farmers cannot be much affected by such regulations, though their interest as consumers may by the rise in the price of provisions It would be quite otherwise however in an unimproved ... greater ... no othe ... and where the wool and the hide make the principal part of the value of those cattle Their interest as landlords and farmers would in this case be very deeply affected by such regulations and their interest as consumers very little The fall in the price of wool and the hide would not in this case raise the price of the carcase because the greater part of the lands of the country being applicable to no

other purpose but the feeding of cattle, the same number would still continue to be fed The same quantity of butcher's meat would still come to market. The demand for it would be no greater than before Its price, *therefore, would be the same as before* The whole price of cattle would fall, and along with it both the rent and the profit of all those lands of which cattle was the principal produce, that is, of the greater part of the lands of the country The perpetual prohibition of the exportation of wool, which is commonly, but very falsely, ascribed to Edward III, would, in the then circumstances of the country, have been the most destructive regulation which could well have been *thought of It would not only have reduced* the actual value of the greater part of the lands of the kingdom, but by reducing the price of the most important species of small cattle it would have retarded very much its

the greater part of the lands in the southern counties of Scotland, which are chiefly a sheep country, would have been very deeply affected by this event, had not the rise in the price of butcher's meat fully compensated the fall in the price of wool

As the efficacy of human industry, in in*creasing the quantity either of wool or of* raw hides, is limited, so far as it depends upon the produce of the country where it is exerted, so it is uncertain so far as it depends upon the produce of other countries It so far depends, not so much upon the quantity which they produce, as upon that which they do not manufacture, and upon the restraints which they may or may not think proper to impose upon the exportation of this sort of rude produce These circumstances, as *they are altogether independent of domestic* industry, so they necessarily render the efficacy of its efforts more or less uncertain In multiplying this sort of rude produce, therefore, the efficacy of human industry is not only limited but uncertain

uation of the country, by the proximity or *distance of its different provinces from the* sea, by the number of its lakes and rivers, and by what may be called the fertility or barrenness of those seas, lakes, and rivers, as to this sort of rude produce As population increases, as the annual produce of the land and labour of the country grows greater and greater, there come to be more buyers of fish, and those buyers, too, have a greater quantity and variety of other goods, or, what is the same thing, the price of a greater *quantity and variety of other goods to buy* with But it will generally be impossible to supply the great and extended market without employing a quantity of labour greater than in proportion to what had been requisite for supplying the narrow and confined

quantity of labour which had before been *sufficient to supply it The fish must generally* be fought for at a greater distance, larger vessels must be employed, and more expensive machinery of every kind made use of The real price of this commodity, therefore, naturally rises in the progress of improvement It has accordingly done so, I believe, more *or less in every country*

Though the success of a particular day's fishing may be a very uncertain matter, yet, the local situation of the country being supposed, the general efficacy of industry in bringing a certain quantity of fish to market, taking the course of a year, or of several

its wealth and industry, as upon this account it may in different countries be the same in very different periods of improvement, and very different in the same period, its connection with the state of improvement is

precious ones particularly, the efficacy of hu*man industry seems not to be limited, but to* be altogether uncertain

The quantity of the precious metals which is to be found in any country is not limited

other countries and secondly upon the fertility or barrenness of the mines which may happen at any particular time to supply the commercial world with those metals The quantity of those metals in the countries most remote from the mines must be more or less affected by this fertility or barrenness on account of the easy and cheap transportation of those metals, of their small bulk and great value Their quantity in China and Indostan must have been more or less affected by the abundance of the mines of America

So far as their quantity in any particular country depends upon the former of those ... (the power of purchasing), ... uxuries ... ith the ... ry and ... Coun tries ... labour and subsistence to spare can afford to purchase any particular quantity of those metals at the expense of a greater quantity of labour and subsistence than countries which have less to spare

So far as their quantity in any particular country depends upon the latter of those two ... (the fertility or barrenness of ... the com ... cal quan ... they will ... ubt sink more or less in proportion to the fertility and rise in proportion to the barrenness of those mines

The fertility or barrenness of the mines ... have no very necessary connection with that of the world in general As arts and commerce indeed gradually spread themselves over a greater and a greater part of the earth the search for new mines being extended over a wider surface may have somewhat a better chance for being successful than when confined within narrower bounds The discovery ... it is acknowledged are doubtful ... a ... tual discovery and successful working of a new mine can alone ascertain the reality of its value, or even of its existence In this search there seem to be no certain limits either to the possible success or to the possible disappointment of human industry In the course of a century or two it is possible that new mines may be discovered more fertile than any that have ever yet been known and it is just equally possible that the most fertile mine then known may be more barren than any that was wrought before the discovery of the mines of America Whether the one or the other of those two events may happen to take place is of very little importance to the real wealth and prosperity of the world to the real value of the annual produce of the land and labour of mankind Its nominal value the quantity of gold and silver by ... dif ... ity of labour which it could purchase or command would be precisely the same A shilling might in the one case represent no more labour than a penny does at present and a penny in the other might represent as much as a shilling does now But in the one case he who had a shilling in his pocket would be no richer than he who has a penny at present and in the other he who had a penny would be just as rich as he who has a shilling now The cheapness and abundance of gold and silver plate would be the sole advantage which the world could derive from the one event and the dearness and scarcity of those trifling superfluities the only inconveniency it could suffer from the other

CONCLUSION OF THE DIGRESSION CONCERNING THE VARIATIONS IN THE VALUE OF SILVER

The greater part of the writers who have ... ent ... in ... er ... as a proof not only of the scarcity of ... ose metals but of the poverty and barbarism of the country at the time when it took place This notion is connected with the system of political economy which represents national wealth as consisting in the abundance and national poverty in the scarcity of gold and silver a system which I shall endeavour to explain and examine at great length in the fourth book of this inquiry I shall only observe at present that the high value of the precious metals can be no proof of the poverty or barbarism of any particular country at the time when it took place It is a proof only of the barrenness of the mines which happened at that time to supply the commercial world A poor country as it cannot afford to buy more so it can as little afford to pay dearer for gold and silver than a rich one and the value of those metals therefore is not likely to be higher in the former than in the latter In China a country much richer than any part of Europe the value of the

precious metals is much higher than in any part of Europe As the wealth of Europe indeed has increased greatly since the discovery of the mines of America so the value of gold and silver has gradually diminished This diminution of their value however has not been owing to the increase of the real wealth of Europe of the annual produce of its land and labour, but to the accidental discovery of more abundant mines than any that were known before The increase of the quantity of gold and silver in Europe and the increase of its manufactures and agriculture are two events which though they have happened nearly about the same time yet have arisen from very different causes and have scarce any natural connection with one another The one has arisen from a mere accident in which neither prudence nor policy either had or could have any share The other from the fall of the feudal system and from the establishment of a government which afforded to industry the only encouragement which it requires some tolerable security that it shall enjoy the fruits of its own labour Poland where the feudal system still continues to take place is at this day as beggarly a country as it was before the discovery of America The money price of corn however has risen the real value of the precious metals has fallen in Poland in the same manner as in other parts of Europe Their quantity therefore must have increased there as in other places, and nearly in the same proportion to the annual produce of its land and labour This increase of the quantity of those metals however has not it seems increased that annual produce has neither improved the manufactures and agriculture of the country, nor mended the circumstances of its inhabitants Spain and Portugal the countries which possess the mines, are after Poland perhaps the two most beggarly countries in Europe The value of the precious metals however must be lower in Spain and Portugal than in any other part of Europe as they come from those countries to all other parts of Europe loaded not only with a freight and an insurance but with the expense of smuggling their exportation being either prohibited or subjected to a duty In proportion to the annual produce of the land and labour therefore their quantity must be greater in those countries than in any other part of Europe Those countries however are poorer than the greater part of Europe Though the feudal system has been abolished in Spain and Portugal it has not been succeeded by a much better

As the low value of gold and silver therefore is no proof of the wealth and flourishing state of the country where it neither is their high value or the low money price either of goods in general or of corn in particular any proof of its poverty and barbarism

But though the low money price either of goods in general or of corn in particular be no proof of the poverty or barbarism of the times the low money price of some particular sorts of goods such as cattle poultry game of all kinds etc in proportion to that of corn is a most decisive one It clearly demonstrates first their great abundance in proportion to that of corn and consequently the great extent of the land which they occupied in proportion to what was occupied by corn and secondly the low value of this land in proportion to that of corn land and consequently the uncultivated and unimproved state of the far greater part of the lands of the country It clearly demonstrates that the stock and population of the country did not bear the same proportion to the extent of its territory which they commonly do in civilised countries and that society was at that time and in that country but in its infancy From the high or low money price either of goods in general or of corn in particular we can infer only that the mines which at that time happened to supply the commercial world with gold and silver were fertile or barren not that the country was rich or poor But from the high or low money price of some sorts of goods in proportion to that of others we can infer with a degree of probability that approaches almost to certainty that it was rich or poor that the greater part of its lands were improved or unimproved and that it was either in a more or less barbarous state or in a more or less civilised one

Any rise in the money price of goods which proceeded altogether from the degradation of the value of silver would affect all sorts of goods equally and raise their price universally a third or a fourth or a fifth part higher according as silver happened to lose a third or a fourth or a fifth part of its former value But the rise in the price of provisions, which has been the subject of so much reasoning and conversation does not affect all sorts of provisions equally Taking the course of the present century at an average the price of corn it is acknowledged even by those who account for this rise by the degradation of the value of silver has risen much less than that of some other sorts of provisions The rise in the price of those other sorts of provisions therefore cannot be owing altogether to the degradation of the value of silver Some other causes must be taken into the account, and those which have been above assigned will perhaps without having recourse

silver, sufficiently explain this rise in those particular sorts of provisions of which the price has actually risen in proportion to that of corn

As to the price of corn itself, it has, during the sixty four first years of the present century, and before the late extraordinary course of bad seasons, been somewhat lower than it was during the sixty-four last years of the preceding century This fact is attested, not only by the accounts of Windsor market, but by the public fiars of all the different counties of Scotland, and by the accounts of several different markets in France, which have been collected with great diligence and fidelity by Mr Messance and by Mr Dupre de St Maur The evidence is more complete than could well have been expected in a matter which is naturally so very difficult to be ascertained

As to the high price of corn during these last ten or twelve years, it can be sufficiently accounted for from the badness of the seasons, without supposing any degradation in the value of silver The opinion, therefore, that silver is continually sinking in its value, seems not to be founded upon any good observations, either upon the prices of corn, or upon those of other provisions

The same quantity of silver it may, perhaps, be said, will in the present times, even according to the account which has been here given, purchase a much smaller quantity of several sorts of provisions than it would have done during some part of the last century; and to ascertain whether this change be owing to a rise in the value of those goods, or to a fall in the value of silver, is only to establish a vain and useless distinction, which can be of no sort of service to the man who has only a certain quantity of silver to go to market with, or a certain fixed revenue in money I certainly do not pretend that the knowledge of this distinction will enable him to buy cheaper It may not, however, upon that account be altogether useless

It may be of some use to the public by affording an easy proof of the prosperous condition of the country If the rise in the price of some sorts of provisions be owing altogether to a fall in the value of silver, it is owing to a circumstance from which nothing can be inferred but the fertility of the American mines The real wealth of the country, the annual produce of its land and labour, may, notwithstanding this circumstance be either gradually declining as in Portugal and Poland, or gradually advancing as in most other parts of Europe But if this rise in the price of some sorts of provisions be owing to a rise in the real value of the land which produces them, to its increased fertility, or, in consequence of more extended improvement and good cultivation, to its having been rendered fit for producing corn, it is owing to a circumstance which indicates in the clearest manner the prosperous and advancing state of the country The land constitutes by far the greatest, the most important, and the most durable part of the wealth of every extensive country It may surely be of some use, or, at least, it may give some satisfaction to the public, to have so decisive a proof of the increasing value of by far the greatest, the most important, and the most durable part of its wealth

It may, too, be of some use to the public in regulating the pecuniary reward of some of its inferior servants If this rise in the price of some sorts of provisions be owing to a fall in the value of silver, their pecuniary reward provided it was not too large before, ought certainly to be augmented in proportion to the extent of this fall If it is not augmented, their real recompense will evidently be so much diminished But if this rise of price is owing to the increased value, in consequence of the improved fertility of the land which produces such provisions, it becomes a much nicer matter to judge either in what proportion any pecuniary reward ought to be augmented, or whether it ought to be augmented at all The extension of improvement and cultivation, as it necessarily raises more or less in proportion to the price of corn, that of every sort of animal food, so it as necessarily lowers that of, I believe, every sort of vegetable food It raises the price of animal food because a great part of the land which produces it being rendered fit for producing corn, must afford to the landlord and farmer the rent and profit of corn land It lowers the price of vegetable food because, by increasing the fertility of the land, it increases its abundance The improvements of agriculture, too introduce many sorts of vegetable food, which requiring less land and not more labour than corn, come much cheaper to market Such are potatoes and maize, or what is called Indian corn, the two most important improvements which the agriculture of Europe, perhaps, which Europe itself has received from the great extension of its commerce and navigation Many sorts of vegetable food besides, which in the rude state of agriculture are confined to the kitchen-garden and raised only by the spade, come in its improved state to be introduced into common fields, and to be raised by the plough such as turnips, carrots, cabbages, etc If in the progress of improvement, therefore, the real price of one species of food necessarily rises that of another as necessarily falls, and it becomes a matter of more nicety to judge

how far the rise in the one may be compensated by the fall in the other. When the real price of butcher's meat has once got to its height (which, with regard to every sort, except, perhaps, that of hogs' flesh, it seems to have done through a great part of England more than a century ago), any rise which can afterwards happen in that of any other sort of animal food cannot much affect the circumstances of the inferior ranks of people The circumstances of the poor through a great part of England cannot surely be so much distressed by any rise in the price of poultry, fish, wild fowl, or venison, as they must be relieved by the fall in that of potatoes

In the present season of scarcity the high price of corn no doubt distresses the poor But in times of moderate plenty, when corn is at its ordinary or average price, the natural rise in the price of any other sort of rude produce cannot much affect them They suffer more, perhaps, by the artificial rise which has been occasioned by taxes in the price of some manufactured commodities, as of salt, soap, leather, candles, malt, beer, and ale, etc

EFFECTS OF THE PROGRESS OF IMPROVEMENT UPON THE REAL PRICE OF MANUFACTURES

It is the natural effect of improvement, however, to diminish gradually the real price of almost all manufactures That of the manufacturing workmanship diminishes, perhaps, in all of them without exception In consequence of better machinery, of greater dexterity, and of a more proper division and distribution of work, all of which are the natural effects of improvement, a much smaller quantity of labour becomes requisite for executing any particular piece of work, and though, in consequence of the flourishing circumstances of the society, the real price of labour should rise very considerably, yet the great diminution of the quantity will generally much more than compensate the greatest rise which can happen in the price

There are, indeed, a few manufactures in which the necessary rise in the real price of the rude materials will more than compensate all the advantages which improvement can introduce into the execution of the work In carpenters' and joiners' work, and in the coarser sort of cabinet work, the necessary rise in the real price of barren timber, in consequence of the improvement of land will more than compensate all the advantages which can be derived from the best machinery, the greatest dexterity, and the most proper division and distribution of work

But in all cases in which the real price of the rude materials either does not rise at all, or does not rise very much, that of the manufactured commodity sinks very considerably.

This diminution of price has, in the course of the present and preceding century, been most remarkable in those manufactures of which the materials are the coarser metals A better movement of a watch, that about the middle of the last century could have been bought for twenty pounds, may now perhaps be had for twenty shillings In the work of cutlers and locksmiths, in all the toys which are made of the coarser metals, and in all those goods which are commonly known by the name of Birmingham and Sheffield ware, there has been, during the same period, a very great reduction of price, though not altogether so great as in watch work. It has, however, been sufficient to astonish the workmen of every other part of Europe, who in many cases acknowledge that they can produce no work of equal goodness for double, or even for triple the price There are perhaps no manufactures in which the division of labour can be carried further, or in which the machinery employed admits of a greater variety of improvements, than those of which the materials are the coarser metals

In the clothing manufacture there has, during the same period, been no such sensible reduction of price The price of superfine cloth, I have been assured, on the contrary, has, within these five-and-twenty or thirty years, risen somewhat in proportion to its quality, owing, it was said, to a considerable rise in the price of the material, which consists altogether of Spanish wool That of the Yorkshire cloth, which is made altogether of English wool, is said indeed, during the course of the present century, to have fallen a good deal in proportion to its quality Quality, however, is so very disputable a matter that I look upon all information of this kind as somewhat uncertain In the clothing manufacture, the division of labour is nearly the same now as it was a century ago and the machinery employed is not very different There may however, have been some small improvements in both, which may have occasioned some reduction of price

But the reduction will appear much more sensible and undeniable if we compare the price of this manufacture in the present times with what it was in a much remoter period, towards the end of the fifteenth century, when the labour was probably much less subdivided, and the machinery employed much more imperfect, than it is at present

In 1487 being the 4th of Henry VII, it was enacted that "whosoever shall sell by retail a broad yard of the finest scarlet grained, or of other grained cloth of the finest making, above sixteen shillings, shall forfeit forty shillings for every yard so sold."

Sixteen shillings therefore containing about the same quantity of silver as four and twenty shillings of our present money was at that time reckoned not an unreasonable price for a yard of the finest cloth and as this is a sumptuary law such cloth it is probable had usually been sold somewhat dearer A guinea may be reckoned the highest price in the present times Even though the quality of the cloths therefore should be supposed equal and that of the present times is most probably much superior yet even upon this supposition the money price of the finest cloth appears to have been considerably reduced since the end of the fifteenth century But its real price has been much more reduced Six shillings and eightpence was then and long afterwards reckoned the average price of a quarter of wheat Sixteen shillings therefore was the price of two quarters and more than three bushels of wheat Valuing a quarter of wheat in the present times at eight and twenty shillings the real price of a yard of fine cloth must in those times have been equal to at least three pounds six shillings and sixpence of our present money The man who bought it must have parted with the command of a quantity of labour and subsistence equal to what that sum would purchase in the present times

The reduction in the real price of the coarse manufacture though considerable has not been so great as in that of the fine

In 1643 being the 3rd of Edward IV it was enacted that no servant in husbandry nor common labourer nor servant to any artificer inhabiting out of a city or burgh shall use or wear in their clothing any cloth above two shillings the broad yard In the 3rd of Edward IV two shillings contained very nearly the same quantity of silver as four of our present money But the Yorkshire cloth which is now sold at four shillings the yard is probably much superior to any that was then made for the wearing of the very poorest order of common servants Even the money price of their clothing therefore may in proportion to the quality be somewhat cheaper in the present than it was in those ancient times The real price is certainly a good deal cheaper Tenpence was then reckoned what is called the moderate and reasonable price of a bushel of wheat Two shillings therefore was the price of two bushels and near two pecks of wheat which in the present times at three shillings and sixpence the bushel would be worth eight shillings [illegible] For a yard of this cloth the [illegible] power [illegible] equal to what [illegible] would purchase in the present [illegible] sumptuary law too restraining the luxury and extravagance of the poor Their clothing therefore had commonly been much more expensive

The same order of people are by the same law, prohibited from wearing hose of which the price should exceed fourteenpence the pair equal to about eight and twentypence of our present money But fourteenpence was in those times the price of a bushel and near two pecks of wheat which in the present times at three and sixpence the bushel would cost five shillings and threepence We should in the present times consider this as a very high price for a pair of stockings to a servant of the poorest and lowest order He must however, in those times have paid what was really equivalent to this price for them

In the time of Edward IV the art of knitting stockings was probably not known in any part of Europe Their hose were made of common cloth which may have been one of the causes of their dearness The first person that wore stockings in England is said to have been Queen Elizabeth She received them as a present from the Spanish ambassador

Both in the coarse and in the fine woollen manufacture the machinery employed was much more imperfect in those ancient than it is in the present times It has since received three very capital improvements besides probably many smaller ones of which it may be difficult to ascertain either the number or the importance The three capital improvements are first the exchange of the rock and spindle for the spinning wheel which with the same quantity of labour will perform more than double the quantity of work Secondly the use of several very ingenious machines which facilitate and abridge in a still greater proportion the winding of the worsted and woollen yarn or the proper arrangement of the warp and woof before they are put into the loom an operation which previous to the invention of those machines must have been extremely tedious and troublesome Thirdly the employment of the fulling mill for thickening the cloth instead of treading it in water Neither wind nor water mills of any kind were known in England so early as the beginning of the sixteenth century, nor so far as I know in any other part of Europe north of the Alps They had been introduced into Italy some time before

The consideration of these circumstances may perhaps in some measure explain to us why the real price both of the coarse and of the fine manufacture was so much higher in those ancient than it is in the present times It cost a greater quantity of labour to bring the goods to market. When they were brought thither therefore, they must have purchased or ex

changed for the price of a greater quantity

The coarse manufacture probably was in those ancient times carried on in England, in the same manner as it always has been in countries where arts and manufactures are in their infancy It was probably a household manufacture in which every different part of the work was occasionally performed by all the different members of almost every private family, but so as to be their work only when they had nothing else to do and not to be the principal business from which any of them derived the greater part of their subsistence The work which is performed in this manner it has already been observed comes always much cheaper to market than that which is the principal or sole fund of the workman s subsistence The fine manufacture on the other hand was not in those times carried on in England but in the rich and commercial country of Flanders and it was probably conducted then in the same manner as now by people who derived the whole or the principal part of their subsistence from it It was besides a foreign manufacture and must have paid some duty the ancient custom of tonnage and poundage at least to the king This duty indeed would not probably be very great It was not then the policy of Europe to restrain by high duties the importation of foreign manufactures but rather to encourage it in order that merchants might be enabled to supply at as easy a rate as possible the great men with the conveniences and luxuries which they wanted and which the industry of their own country could not afford them

The consideration of these circumstances may perhaps in some measure explain to us why in those ancient times the real price of the coarse manufacture was in proportion to that of the fine so much lower than in the present times

CONCLUSION OF THE CHAPTER

I shall conclude this very long chapter with observing that every improvement in the circumstances of the society tends either directly or indirectly to raise the real rent of land to increase the real wealth of the landlord his power of purchasing the labour or the produce of the labour of other people

The extension of improvement and cultivation tends to raise it directly The landlord s share of the produce necessarily increases with the increase of the produce

That rise in the real price of those parts of the rude produce of land which is first the effect of extended improvement and cultivation and afterwards the cause of their being still further extended the rise in the price of cattle for example tends too to raise the rent of land directly and in a still greater proportion The real value of the landlord s share his real command of the labour of other people, not only rises with the real value of the produce but the proportion of his share to the whole produce rises with it That produce after the rise in its real price requires no more labour to collect it than before A smaller proportion of it will therefore be sufficient to replace with the ordinary profit the stock which employs that labour A greater proportion of it must consequently belong to the landlord

All those improvements in the productive powers of labour which tend directly to reduce the real price of manufactures tend indirectly to raise the real rent of land The landlord exchanges that part of his rude produce which is over and above his own consumption or what comes to the same thing the price of that part of it for manufactured produce Whatever reduces the real price of the latter, raises that of the former An equal quantity of the former becomes thereby equivalent to a greater quantity of the latter and the landlord is enabled to purchase a greater quantity of the conveniences ornaments or luxuries which he has occasion for

Every increase in the real wealth of the society every increase in the quantity of useful labour employed within it tends indirectly to raise the real rent of land A certain proportion of this labour naturally goes to the land A greater number of men and cattle are employed in its cultivation the produce increases with the increase of the stock which is thus employed in raising it and the rent increases with the produce

The contrary circumstances the neglect of cultivation and improvement the fall in the real price of any part of the rude produce of land the rise in the real price of manufactures from the decay of manufacturing art and industry the declension of the real wealth of the society all tend on the other hand to lower the real rent of land to reduce the real wealth of the landlord to diminish his power of purchasing either the labour or the produce of the labour of other people

The whole annual produce of the land and labour of every country or what comes to the same thing the whole price of that annual produce naturally divides itself it has already been observed into three parts the rent of land the wages of labour and the profits of stock and constitutes a revenue to three different orders of people to those who live by rent to those who live by wages, and to those who live by profit These are the three great original and constituent orders of every civilised society from whose revenue that of every other order is ultimately derived

The interest of the first of those th

orders it appears from what has been just now said is strictly and inseparably connected with the general interest of the society Whatever either promotes or obstructs the one necessarily promotes or obstructs the other When the public deliberates concerning any regulation of commerce or police the proprietors of land never can mislead it, with a view to promote the interest of their own particular order at least, if they have any tolerable knowledge of that interest They are indeed too often defective in this tolerable knowledge They are the only one of the three orders whose revenue costs them neither labour nor care but comes to them as it were, of its own accord and independent of any plan or project of their own That indolence which is the natural effect of the ease and security of their situation renders them too often not only ignorant but incapable of that application of mind which is necessary in order to foresee and understand the consequences of any public regulation

The interest of the second order that of those who live by wages is as strictly connected with the interest of the society as that of the first The wages of the labourer it has already been shown are never so high as when the demand for labour is continually rising or when the quantity employed is every year *increasing considerably* When this real wealth of the society becomes stationary his wages are soon reduced to what is barely enough to enable him to bring up a family or to continue the race of labourers When the society declines they fall even below this The order of proprietors may perhaps gain more by the prosperity of the society than that of labourers but there is no order that suffers so cruelly from its decline But though the interest of the labourer is strictly connected with that of the society he is incapable either of comprehending that interest or of understanding its connection with his own His condition leaves him no time to receive the necessary information and his education and habits are commonly such as to render him unfit to judge even *though he was fully informed* *In the public* deliberations therefore his voice is little heard and less regarded except upon some particular occasions when his clamour is animated set on and supported by his employers not for his but their own particular purposes

His employers constitute the third order that of those who live by profit It is the stock that is employed for the sake of profit which puts into motion the greater part of the useful labour of every society The plans and projects of the employers of stock regulate and direct all the most important operations of labour and profit is the end proposed by all those plans and projects But the rate of profit does not like rent and wages rise with the prosperity and fall with the declension of the society On the contrary it is naturally low in rich and high in poor countries and it is always highest in the countries which are going fastest to ruin The interest of this third order therefore has not the same connection with the general interest of the society as that of the other two Merchants and master manufacturers are in this order the two classes of people who commonly employ the largest capitals and who by their wealth draw to themselves the greatest share of the public consideration *As during their whole lives* they are engaged in plans and projects they have frequently more acuteness of understanding than the greater part of country gentlemen As their thoughts however are commonly exercised rather about the interest of their own particular branch of business than about that of the society their judgment, even when given with the greatest candour (which it has not been upon every occasion) is much more to be depended upon with regard to the former of those two objects than with regard to the latter Their superiority over the country gentleman is not so much in their knowledge of the public interest as in their having a better knowledge of their own interest than he has of his It is by this superior knowledge of their own interest that they have frequently imposed upon his generosity and persuaded him to give up both his own interest and that of the public *from a very simple* but *honest* conviction that their interest and not his was the interest of the public The interest of the dealers however in any particular branch of trade or manufactures is always in some respects different from and even opposite to, that of the public To widen the market and to narrow the competition is always the interest of the dealers To widen the market may frequently be agreeable enough to the interest of the public but to narrow the competition must always be against it and can serve only to enable the dealers by raising their profits above *what they naturally would be to levy* for their own benefit an absurd tax upon the rest of their fellow citizens The proposal of any new law or regulation of commerce which comes from this order ought always to be listened to with great precaution and ought never to be adopted till after having been long and carefully examined not only with the most scrupulous but with the most suspicious attention It comes from an order of men whose interest is never exactly the same with that of the public who have generally an interest to deceive and even to oppress the public and who accordingly have upon many occasions both deceived and oppressed it

TABLES REFERRED TO ON PAGES 80, 87

Years XII	*Price of the Quarter of Wheat each Year*	*Average of the different Prices of the same Year*	*The average Price of each Year in Money of the present Times*
	£ s d	£ s d	£ s d
1202	— 12 —	— — —	1 16 —
	— 12 —		
1205	— 13 4	— 13 5	2 — 3
	— 15 —		
1223	— 12 —	— — —	1 16 —
1237	— 3 4	— — —	— 10 —
1243	— 2 —	— — —	— 6 —
1244	— 2 —	— — —	— 6 —
1246	— 16 —	— — —	2 8 —
1247	— 13 4	— — —	2 — —
1257	1 4 —	— — —	3 12 —
	1 — —		
1258	— 15 —	— 17 —	2 11 —
	— 16 —		
1270	4 16 —	5 12 —	16 16 —
	6 8 —		
1286	— 2 8	— 9 4	1 8 —
	— 16 —		
		Total	£35 9 3
		Average Price	£2 19 1¼

Years XII	*Price of the Quarter of Wheat each Year*	*Average of the different Prices of the same Year*	*The average Price of each Year in Money of the present Times*
	£ s d	£ s d	£ s d
1287	— 3 4	— — —	— 10 —
	— — 8		
	— 1 —		
	— 1 4		
1288	— 1 6		
	— 1 8	— 3 —¼	— 9 —¾
	— 2 —		
	— 3 4		
	— 9 4		
	— 12 —		
	— 6 —		
1289	— 2 —	— 10 1¾	1 10 4½
	— 10 8		
	1 — —		
1290	— 16 —	— — —	2 8 —
1294	— 16 —	— — —	2 8 —
1302	— 4 —	— — —	— 12 —
1309	— 7 2	— — —	1 1 6
1315	1 — —	— — —	3 — —
	1 — —		
	1 10 —		
1316	1 12 —	1 10 6	4 11 6
	2 — —		
	2 4 —		
	— 14 —		
1317	2 13 —	1 19 6	5 18 6
	4 — —		
	— 6 8		
1336	— 2 —	— — —	— 6 —
1338	— 3 4	— — —	— 10 —
		Total	£23 4 11¼
		Average Price	£1 18 8

Years XII	Price of the Quarter of Wheat each Year	Average of the different Prices of the same Year	The average Price of each Year in Money of the present Times
	£ s d	£ s d	£ s d
1339	— 9 —	— — —	1 7 —
1349	— 2 —	— — —	— 5 2
1359	1 6 8	— — —	3 2 2
1361	— 2 —	— — —	— 4 8
1363	— 15 —	— — —	1 15 —
1369	1 — — 1 4 —	1 2 —	2 9 4
1379	— 4 —	— — —	— 9 4
1387	— 2 —	— — —	— 4 8
1390	— 13 4 — 14 — — 16 —	— 14 5	1 13 7
1401	— 16 —	— — —	1 17 4
1407	— 4 4¾ — 3 4	— 3 10	— 8 11
1416	— 16 —	— — —	1 12 —
		Total	£15 9 4
		Average Price	£1 5 9⅓

Years	£ s d	£ s d	£ s d
1423	— 8 —	— — —	— 16 —
1425	— 4 —	— — —	— 8 —
1434	1 6 8	— — —	2 13 4
1435	— 5 4	— — —	— 10 8
1439	1 — — 1 6 8	1 3 4	2 6 8
1440	1 4 —	— — —	2 8 —
1444	— 4 4 — 4 —	— 4 2	— 8 4
1445	— 4 6	— — —	— 9 —
1447	— 8 —	— — —	— 16 —
1448	— 6 8	— — —	— 13 4
1449	— 5 —	— — —	— 10 —
1452	— 8 —	— — —	— 16 —
		Total	£12 15 4
		Average Price	£1 1 3½

Years	£ s d	£ s d	£ s d
1453	— 5 4	— — —	— 10 8
1455	— 1 2	— — —	— 2 4
1457	— 7 8	— — —	— 15 4
1459	— 5 —	— — —	— 10 —
1460	— 8 —	— — —	— 16 —
1463	— 2 — — 1 8	— 1 10	— 3 8
1464	— 6 8	— — —	— 10 —
1486	1 4 —	— — —	1 17 —
1491	— 14 8	— — —	1 2 —
1494	— 4 —	— — —	— 6 —
1495	— 3 4	— — —	— 5 —
1497	1 — —	— — —	1 11 —
		Total	£8 9 —
		Average Price	— 14 1

Years XII	Price of the Quarter of Wheat each Year	Average of the different Prices of the same Year	The average Price of each Year in Money of the present Times
	£ s d	£ s d	£ s d
1499	— 4 —	— — —	— 6 —
1504	— 5 8	— — —	— 8 6
1521	1 — —	— — —	1 10 —
1551	— 8 —	— — —	— 2 —
1553	— 8 —	— — —	— 8 —
1554	— 8 —	— — —	— 8 —
1555	— 8 —	— — —	— 8 —
1556	— 8 —	— — —	— 8 —
1557	— 4 — — 5 — — 8 — 2 13 4	— 17 8½	— 17 8½
1558	— 8 —	— — —	— 8 —
1559	— 8 —	— — —	— 8 —
1560	— 8 —	— — —	— 8 —
		Total	£6 0 2½
		Average Price	— 10 — $\frac{5}{12}$

	£ s d	£ s d	£ s d
1561	— 8 —	— — —	— 8 —
1562	— 8 —	— — —	— 8 —
1574	2 16 — 1 4 —	2 — —	2 — —
1587	3 4 —	— — —	3 4 —
1594	2 16 —	— — —	2 16 —
1595	2 13 —	— — —	2 13 —
1596	4 — —	— — —	4 — —
1597	5 4 — 4 — —	4 12 —	4 12 —
1598	2 16 8	— — —	2 16 8
1599	1 19 2	— — —	1 19 2
1600	1 17 8	— — —	1 17 8
1601	1 14 10	— — —	1 14 10
		Total	£28 9 4
		Average Price	£2 7 5⅓

Prices of the Quarter of nine Bushels of the best or highest priced Wheat at Windsor Market, on Lady day and Michaelmas, from 1595 to 1764, both inclusive, the Price of each Year being the medium between the highest Prices of those Two Market Days

Years		£	*s*	*d*
1595	—	2	0	0
1596	—	2	8	0
1597	—	3	9	6
1598	—	2	16	8
1599	—	1	19	2
1600	—	1	17	8
1601	—	1	14	10
1602	—	1	9	4
1603	—	1	15	4
1604	—	1	10	8
1605	—	1	15	10
1606	—	1	13	0
1607	—	1	16	8
1608	—	2	16	8
1609	—	2	10	0
1610	—	1	15	10
1611	—	1	18	8
1612	—	2	2	4
1613	—	2	8	8
1614	—	2	1	8½
1615	—	1	18	8
1616	—	2	0	4
1617	—	2	8	8
1618	—	2	6	8
1619	—	1	15	4
1620	—	1	10	4
		26) 54	0	6½
		£2	1	$6\frac{9}{12}$

Years		£	*s*	*d*
1621	—	1	10	4
1622	—	2	18	8
1623	—	2	12	0
1624	—	2	8	0
1625	—	2	12	0
1626	—	2	9	4
1627	—	1	16	0
1628	—	1	8	0
1629	—	2	2	0
1630	—	2	15	8
1631	—	3	8	0
1632	—	2	13	4
1633	—	2	18	0
1634	—	2	16	0
1635	—	2	16	0
1636	—	2	16	8
		16) 40	0	0
		£2	10	0

Years		*Wheat per quarter* £	*s*	*d*
1637	—	2	13	0
1638	—	2	17	4
1639	—	2	4	10
1640	—	2	4	8
1641	—	2	8	0
1642	—	0	0	0[1]
1643	—	0	0	0
1644	—	0	0	0
1645	—	0	0	0
1646	—	2	8	0
1647	—	3	13	8
1648	—	4	5	0
1649	—	4	0	0
1650	—	3	16	8
1651	—	3	13	4
1652	—	2	9	6
1653	—	1	15	6
1654	—	1	6	0
1655	—	1	13	4
1656	—	2	3	0
1657	—	2	6	8
1658	—	3	5	0
1659	—	3	6	0
1660	—	2	16	6
1661	—	3	10	0
1662	—	3	14	0
1663	—	2	17	0
1664	—	2	0	6
1665	—	2	9	4
1666	—	1	16	0
1667	—	1	16	0
1668	—	2	0	0
1669	—	2	4	4
1670	—	2	1	8
Carry over		£79	14	10

Years		*Wheat per quarter* £	*s*	*d*
Brought over		79	14	10
1671	—	2	2	0
1672	—	2	1	0
1673	—	2	6	8
1674	—	3	8	8
1675	—	3	4	8
1676	—	1	18	0
1677	—	2	2	0
1678	—	2	19	0
1679	—	3	0	0
1680	—	2	5	0
1681	—	2	6	8
1682	—	2	4	0
1683	—	2	0	0
1684	—	2	4	0
1685	—	2	6	8
1686	—	1	14	0
1687	—	1	5	2
1688	—	2	6	0
1689	—	1	10	0
1690	—	1	14	8
1691	—	1	14	0
1692	—	2	6	8
1693	—	3	7	8
1694	—	3	4	0
1695	—	2	13	0
1696	—	3	11	0
1697	—	3	0	0
1698	—	3	8	4
1699	—	3	4	0
1700	—	2	0	0
		60) 153	1	8
		£2	11	0⅓

[1] Wanting in the account. The year 1646 supplied by Bishop Fleetwood

Years	Wheat per quarter £	s	d
1701	1	17	8
1702	1	9	6
1703	1	16	0
1704	2	6	6
1705	1	10	0
1706	1	6	0
1707	1	8	6
1708	2	1	6
1709	3	18	6
1710	3	18	0
1711	2	14	0
1712	2	6	4
1713	2	11	0
1714	2	10	4
1715	2	3	0
1716	2	8	0
1717	2	5	8
1718	1	18	10
1719	1	15	0
1720	1	17	0
1721	1	17	6
1722	1	16	0
1723	1	14	8
1724	1	17	0
1725	2	8	6
1726	2	6	0
1727	2	2	0
1728	2	14	6
1729	2	6	10
1730	1	16	6
1731	1	12	10
1732	1	6	8
1733	1	8	4
Carry over	£69	8	8

Years	Wheat per quarter £	s	d.
Brought over	69	8	8
1734	1	18	10
1735	2	3	0
1736	2	0	4
1737	1	18	0
1738	1	15	6
1739	1	18	6
1740	2	10	8
1741	2	6	8
1742	1	14	0
1743	1	4	10
1744	1	4	10
1745	1	7	6
1746	1	19	0
1747	1	14	10
1748	1	17	0
1749	1	17	0
1750	1	12	6
1751	1	18	6
1752	2	1	10
1753	2	4	8
1754	1	14	8
1755	1	13	10
1756	2	5	3
1757	3	0	0
1758	2	10	0
1759	1	19	10
1760	1	16	6
1761	1	10	3
1762	1	19	0
1763	2	0	9
1764	2	6	9
64)	129	13	6
	£2	0	6 9/32

Years	£	s	d
1731	1	12	10
1732	1	6	8
1733	1	8	4
1734	1	18	10
1735	2	3	0
1736	2	0	4
1737	1	18	0
1738	1	15	6
1739	1	18	6
1740	2	10	8
10)	18	12	8
	£1	17	3⅕

Years	£	s.	d.
1741	2	6	8
1742	1	14	0
1743	1	4	10
1744	1	4	10
1745	1	7	6
1746	1	19	0
1747	1	14	10
1748	1	17	0
1749	1	17	0
1750	1	12	6
10)	16	18	2
	£1	13	9⅘

Book Two

OF THE NATURE, ACCUMULATION, AND EMPLOYMENT OF STOCK

INTRODUCTION

IN that rude state of society in which there

is hungry he goes to the forest to hunt when

turf that are nearest it

But when the division of labour has once been thoroughly introduced the produce of a man s own labour can supply but a very small part of his occasional wants The far greater

somewhere sufficient to maintain him and to supply him with the materials and tools of his work till such time at least as both these events can be brought about A weaver can not apply himself entirely to his peculiar business unless there is beforehand stored up

his applying his industry for so long a time to such a peculiar business

quantity of materials which the same number of people can work up increases in a great proportion as labour comes to be more and more subdivided and as the operations of each workman are gradually reduced to a greater degree of simplicity a variety of new machines come to be invented for facilitating and abridging those operations As the division of labour advances therefore in order to give constant employment to an equal number of workmen an equal stock of provisions and a greater stock of materials and tools than what would have been necessary in a ruder state of things must be accumulated beforehand But the number of workmen in every branch of business generally increases with the division of labour in that branch or rather it is the increase of their number which enables them to class and subdivide themselves in this manner

duces a much greater quantity of work

Such are in general the effects of the increase of stock upon industry and its productive powers

In the following book I have endeavoured to explain the nature of stock the effects of its accumulation into capitals of different kinds and the effects of the different employments of those capitals This book is di

society naturally divides itself In the

I have endeavoured to explain the nature and operation of money considered as a particular branch of the general stock of the society. The stock which is accumulated into a capital may either be employed by the person to whom it belongs or it may be lent to some other person. In the third and fourth chapters, I have endeavoured to examine the manner in which it operates in both these situations. The fifth and last chapter treats of the different effects which the different employments of capital immediately produce upon the quantity both of national industry and of the annual produce of land and labour.

CHAPTER I

Of the Division of Stock

When the stock which a man possesses is no more than sufficient to maintain him for a few days or a few weeks, he seldom thinks of deriving any revenue from it. He consumes it as sparingly as he can and endeavours by his labour to acquire something which may supply its place before it be consumed altogether. His revenue is in this case derived from his labour only. This is the state of the greater part of the labouring poor in all countries.

But when he possesses stock sufficient to maintain him for months or years, he naturally endeavours to derive a revenue from the greater part of it, reserving only so much for his immediate consumption as may maintain him till this revenue begins to come in. His whole stock therefore is distinguished into two parts. That part which he expects is to afford him this revenue is called his capital. The other is that which supplies his immediate consumption, and which consists either first in that portion of his whole stock which was originally reserved for this purpose, or secondly in his revenue from whatever source derived as it gradually comes in, or thirdly in such things as had been purchased by either of these in former years, and which are not yet entirely consumed, such as a stock of clothes, household furniture and the like. In one or other or all of these three articles consists the stock which men commonly reserve for their own immediate consumption.

There are two different ways in which a capital may be employed so as to yield a revenue or profit to its employer.

First, it may be employed in raising, manufacturing, or purchasing goods and selling them again with a profit. The capital employed in this manner yields no revenue or profit to its employer while it either remains in his possession or continues in the same shape. The goods of the merchant yield him no revenue or profit till he sells them for mon[illegible] little till it is [illegible] is continually going [illegible], and returning to him in another, and [illegible] only by means of such circulation or successive exchanges, that it can yield him any profit. Such capitals, therefore, may very properly be called circulating capitals.

Secondly, it may be employed in the improvement of land, in the purchase of useful machines and instruments of trade, or in such like things as yield a revenue or profit without changing masters or circulating any farther. Such capitals, therefore, may very properly be called fixed capitals.

Different occupations require very different proportions between the fixed and circulating capitals employed in them.

The capital of a merchant, for example, is altogether a circulating capital. He has occasion for no machines or instruments of trade, unless his shop or warehouse, be considered as such.

Some part of the capital of every master artificer or manufacturer must be fixed in the instruments of his trade. This part, however, is very small in some and very great in others. A master tailor requires no other instruments of trade but a parcel of needles. Those of the master shoemaker are a little, though but a very little, more expensive. Those of the weaver rise a good deal above those of the shoemaker. The far greater part of the capital of all such master artificers, however, is circulated either in the wages of their workmen or in the price of their materials, and repaid with a profit by the price of the work.

In other works a much greater fixed capital is required. In a great iron work, for example, the furnace for melting the ore, the forge, the slitt mill, are instruments of trade which cannot be erected without a very great expense. In coal works and mines of every kind, the machinery necessary both for drawing out the water and for other purposes is frequently still more expensive.

That part of the capital of the farmer which is employed in the instruments of agriculture is a fixed; that which is employed in the wages and maintenance of his labouring servants is a circulating capital. He makes a profit of the one by keeping it in his own possession, and of the other by parting with it. The price or value of his labouring cattle is a fixed capital in the same manner as that of the instruments of husbandry. Their maintenance is a circulating capital in the same manner as that of the labouring servants. The farmer makes his profit by keeping the labouring cattle, and by parting with their maintenance. Both the price and the maintenance of the cattle which are brought in and fattened, not for labour,

but for sale, are a circulating capital The farmer makes his profit by parting with them A flock of sheep or a herd of cattle that, in a breeding country, is bought in neither for labour, nor for sale, but in order to make a profit by their wool, by their milk, and by their increase, is a fixed capital The profit is made by keeping them Their maintenance is a circulating capital The profit is made by parting with it, and it comes back with both its own profit and the profit upon the whole price of the cattle in the price of the wool, the milk, and the increase The whole value of the seed, too, is properly a fixed capital Though it goes backwards and forwards between the ground and the granary, it never changes masters, and therefore does not properly circulate The farmer makes his profit, not by its sale, but by its increase

The first is that portion which is reserved for immediate consumption, and of which the characteristic is, that it affords no revenue or profit It consists in the stock of food, clothes, household furniture, etc, which have been purchased by their proper consumers but which are not yet entirely consumed The

produce nothing the tenant must always pay the rent out of some other revenue which he derives either from labour or stock or land Though a house, therefore may yield a revenue to its proprietor and thereby serve in the function of a capital to him it cannot

sons In countries where *masquerades* are common it is a trade to let out masquerade dresses for a night Upholsterers frequently let furniture by the month or by the year

Undertakers let the furniture of funerals by the day and by the week Many people let

drawn from some other source of revenue Of all parts of the stock either of an individual or of a society, reserved for immediate consumption, what is laid out in houses is

may last of their distant, rved for othes or

The second of the three portions into which the general stock of the society divides itself, is the fixed capital of which the characteristic is that it affords a revenue or profit without circulating or changing masters It consists chiefly of the four following articles

First, of all useful machines and instruments of trade which facilitate and abridge labour

Secondly, of all those profitable buildings which are the means of procuring a revenue not only to their proprietor who lets them for

light

Thirdly of the improvements of land of what has been profitably laid out in clearing

capital can afford a much greater revenue to its employer An improved farm is equally advantageous and more durable than any of those machines frequently requiring no other repairs than the most profitable application of the farmer s capital employed in cultivating it

Fourthly of the acquired and useful abilities of all the inhabitants or members of the society The acquisition of such talents by the maintenance of the acquirer during his

do they likewise of that of the society to which he belongs The improved dexterity of a workman may be considered in the same light as a machine or instrument of trade which facilitates and abridges labour, and which, though it costs a certain expense, repays that expense with a profit

The third and last of the three portions into which the general stock of the society naturally divides itself, is the circulating capital, of which the characteristic is, that it affords a revenue only by circulating or changing masters It is composed likewise of four parts

First, of the money by means of which all the other three are circulated and distributed to their proper consumers

Secondly, of the stock of provisions which are in the possession of the butcher, the grazier, the farmer the corn merchant, the brewer, etc, and from the sale of which they expect to derive a profit

Thirdly, of the materials, whether altogether rude or more or less manufactured, of clothes furniture, and building, which are not yet made up into any of those three shapes, but which remain in the hands of the growers, the manufacturers the mercers and drapers the timber merchants the carpenters and joiners the brickmakers etc

Fourthly, and lastly, of the work which is made up and completed but which is still in the hands of the merchant or manufacturer, and not yet disposed of or distributed to the proper consumers such as the finished work which we frequently find ready made in the shops of the smith the cabinet maker, the goldsmith, the jeweller the china merchant, etc The circulating capital consists in this manner of the provisions materials and finished work of all kinds that are in the hands of their respective dealers and of the money that is necessary for circulating and

ally, or in a longer or shorter period regularly withdrawn from it and placed either in the fixed capital or in the stock reserved for immediate consumption

Every fixed capital is both originally derived from, and requires to be continually supported by a circulating capital All useful machines and instruments of trade are originally derived from a circulating capital which furnishes the materials of which they are made, and the maintenance of the workmen who make them They require too a capital of the same kind to keep them in constant repair

No fixed capital can yield any revenue but by means of a circulating capital The most useful machines and instruments of trade will produce nothing without the circulating capital which affords the materials they are employed upon, and the maintenance of the workmen who employ them Land however improved, will yield no revenue without a circulating capital, which maintains the labourers who cultivate and collect its produce

To maintain and augment the stock which may be reserved for immediate consumption

or sparing supplies which those two capitals can afford to the stock reserved for immediate consumption

So great a part of the circulating capital being continually withdrawn from it, in order to be placed in the other two branches of the general stock of the society, it must in its turn require continual supplies without which it would soon cease to exist These supplies are principally drawn from three sources the produce of land, of mines and of fisheries These afford continual supplies of provisions and materials, of which part is afterwards wrought up into finished work, and by which are replaced the provisions materials and finished work continually withdrawn from the circulating capital From mines too is drawn what is necessary for maintaining and augmenting that part of it which consists in money For though, in the ordinary course of business this part is not, like the other three necessarily withdrawn from it, in order

or sent abroad and must therefore, require continual, though no doubt, much smaller supplies

had consumed and the materials which he had wrought up the year before and the manufacturer replaces to the farmer the finished work which he had wasted and worn out in the same time This is the real exchange that is annually made between those two orders of people though it seldom happens that the rude produce of the one and the manufactured produce of the other are directly bartered for one another because it seldom happens that the farmer sells his corn and his cattle, his flax and his wool to the very same person of whom he chooses to pur

chase
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manufactured produce he has occasion for

minerals from its bowels

fertility

some one or other of those three ways

In those unfortunate countries indeed where men are continually afraid of the violence of their superiors they frequently bury and conceal a great part of their stock in order to have it always at hand to carry

mon practice in Turkey, in Indostan and I believe in most other governments of Asia It seems to have been a common practice among our ancestors during the violence of the feudal government Treasure trove was in those times considered as no contemptible part of the revenue of the greatest sovereigns in Europe It consisted in such treasure as was found concealed in the earth and to which no particular person could prove any right This was regarded in those times as so important an object, that it was always considered as

hended in the general grant of the lands, though mines of lead copper, tin and coal were as things of smaller consequence

CHAPTER II

Of Money considered as a particular Branch of the general Stock of the Society or of the Expense of maintaining the National Capital

It has been shown in the first book that the price of the greater part of commodities resolves itself into three parts, of which one pays the wages of the labour, another the profits of the stock, and a third the rent of the land which had been employed in producing and bringing them to market that there are, indeed, some commodities of which the price is made up of two of those parts only, the wages of labour and the profits of stock and a very few in which it consists altogether in one the wages of labour but that the price of every commodity necessarily resolves itself into some one, or other or all of these three parts every part of it which goes neither to rent nor to wages being necessarily profit to somebody

annual produce of the land and labour of every country taken complexly The whole price or exchangeable value of that annual produce must resolve itself into the same

But though the whole value of the annual produce of the land and labour of every country *is thus divided among* and constitutes a revenue to its different inhabitants yet as in the rent of a private estate we distinguish between the gross rent and the net rent so may we likewise in the revenue of all the inhabitants of a great country

The gross rent of a private estate comprehends whatever is paid by the farmer the net rent, what remains free to the landlord, after deducting the expense of management,

net revenue what remains free to them

deducting the expense of maintaining—first, their fixed and secondly, their circulating capital or what without encroaching upon their capital they can place in their stock reserved for immediate consumption or spend upon their subsistence, conveniencies and amusements Their real wealth too is in proportion not to their gross but to their net revenue

The whole expense of maintaining the fixed capital must evidently be excluded from the net revenue of the society Neither the materials necessary for supporting their useful machines and instruments of trade their profitable buildings etc nor the produce of the labour necessary for fashioning those materials into the proper form can ever make any part of it The price of that labour may indeed make a part of it as the workmen so employed may place the whole value of their wages in their stock reserved for immediate consumption But in other sorts of labour both the price and the produce go to this stock the price to that of the workmen the produce to that of other people whose subsistence conveniences and amusements are augmented by the labour of those workmen

The intention of the fixed capital is to increase the productive powers of labour, or to enable the same number of labourers to perform a much greater quantity of work In a farm where all the necessary buildings fences drains communications etc are in the most perfect good order the same number of labourers and labouring cattle will raise a much greater produce than in one of equal extent and equally good ground but not furnished with equal conveniencies In manufactures the same number of hands assisted with the best machinery will work up a much greater quantity of goods than with more imperfect instruments of trade The expense which is properly laid out upon a fixed capital of any kind is always repaid with great profit and increases the annual produce by a much greater value than that of the support which such improvements require This support however still requires a certain portion of that produce A certain quantity of materials *and the labour of* a certain number of workmen both of which might have been immediately employed to augment the food clothing and lodging the subsistence and conveniencies of the society are thus diverted to

in mechanics, as enable the same number of workmen to perform an equal quantity of work, with cheaper and simpler machinery than had been usual before are always regarded as advantageous to every society A certain quantity of materials and the labour of a certain number of workmen which had

of some great manufactory who employs a thousand a year in the maintenance of his machinery if he can reduce this expense to five hundred will naturally employ the other five hundred in purchasing an additional quantity of materials to be wrought up by an additional number of workmen The quantity of that work therefore which his machinery was useful only for performing will naturally be augmented and with it all the advantage and conveniency which the society can derive from that work

The expense of maintaining the fixed capital in a great country may very properly be compared to that of *repairs* in a private estate The expense of repairs may frequently be necessary for supporting the produce of the estate and consequently both the gross and the net rent of the landlord When by a more proper direction however, it can be diminished without occasioning any diminution of produce the gross rent remains at

cluded from the net revenue of the society it is not the same case with that of maintaining the circulating capital Of the four parts of which this latter *capital* is composed—money, provisions materials and finished work—the three last, it has already been observed are regularly withdrawn from it and placed either in the fixed capital of the society or in their stock reserved for immediate

a part of the net revenue of the society The maintenance of those three parts of the circulating capital therefore withdraws no portion of the annual produce from the net revenue of the society besides what is neces-

is in

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cluded *from making any* part of his net revenue which must consist altogether in his profits But though the circulating capital of every individual makes a part of that of the society to which he belongs it is not upon that account totally excluded from making a part likewise of their net revenue Though

the whole goods in a merchant's shop must by no means be placed in his own stock reserved for immediate consumption, they may in that of other people, who, from a revenue derived from other funds, may regularly replace their value to him, together with its profits, without occasioning any diminution either of his capital or of theirs

Money, therefore, is the only part of the circulating capital of a society, of which the maintenance can occasion any diminution in their net revenue

of trade, etc, require a certain expense, first to erect them, and afterwards to support them, both which expenses, though they make a part of the gross, are deductions from the net revenue of the society, so the stock of money which circulates in any country must require a certain expense, first to collect it, and afterwards to support it, both which expenses, though they make a part of the gross, are, in the same manner, deductions from the net revenue of the society A certain quantity of very valuable materials, gold and silver, and of very curious labour, instead of augmenting the stock reserved for immediate consumption, the subsistence, conveniencies, and amusements of individuals is employed in supporting that great but expensive instrument of commerce, by means of which every individual in the society has his subsistence, conveniencies, and amusements regularly distributed to him in their proper proportions

Secondly, as the machines and instruments of a trade, etc, which compose the fixed capital either of an individual or of a society, make no part either of the gross or of the net revenue of either so money, by means of which the whole revenue of the society is regularly distributed among all its different members, makes itself no part of that revenue The great wheel of circulation is altogether different from the goods which are circulated by means of it The revenue of the society consists altogether in those goods, and not in the wheel which circulates them In computing either the gross or the net revenue of any society, we must always, from their whole annual circulation of money and goods, deduct the whole value of the money of which not a single farthing can ever make any part of either

money, we sometimes mean nothing but the *metal pieces of which it is composed, and* sometimes we include in our meaning some obscure reference to the goods which can be had in exchange for it, or to the power of

of the metal pieces, which some writers have computed, or rather have supposed to circulate in that country But when we say that a man is worth fifty or a hundred pounds a year, we mean commonly to express not only the amount of the metal pieces which are annually paid to him, but the value of the goods *which he can annually purchase or consume* We mean commonly to ascertain what is or ought to be his way of living or the quantity and quality of the necessaries and conveniencies of life in which he can with propriety

it in this case denotes, is equal only to one of the two values which are thus intimated somewhat ambiguously by the same word, and to the latter more properly than to the former, to the money's worth more properly than to the money

Thus if a guinea be the weekly pension of a particular person he can in the course of the week purchase with it a certain quantity of subsistence, conveniencies, and amusements In proportion as this quantity is great or small, so are his real riches his real weekly revenue His weekly revenue is certainly not equal both to the guinea, and to what can be purchased with it, but only to one or other of those two equal values and to the latter more properly than to the former, to the

properly consist in the piece of gold as in what he can get for it or in what he can exchange it for If it could be exchanged for nothing it would like a bill upon a bankrupt, be of no more value than the most useless piece of paper

Though the weekly or yearly revenue

the different inhabitants of any country, in the same manner, may be, and in reality frequently is paid to them in money, their real riches, however, the real weekly or yearly revenue of all of them taken together, must

the consumable goods, but only to one or other of those two values, and to the latter more properly than to the former.

Though we frequently, therefore, express a person's revenue by the metal pieces which are annually paid to him, it is because the

But if this is sufficiently evident even with regard to an individual, it is still more so with regard to a society The amount of the metal pieces which are annually paid to an individual, is often precisely equal to his revenue, and is upon that account the shortest and best expression of its value But the amount of the metal pieces which circulate in a society can never be equal to the revenue of all its members As the same guinea which pays the weekly pension of one man to-day, may pay that of another to-morrow, and that of a third the day thereafter, the amount of the metal pieces which annually circulate in any country must always be of much less value than the whole money pensions annually paid with them But the power of purchasing, or the goods which can successively be bought with the whole of those money pensions as they are successively paid, must always be precisely of the same value with those pensions, as must likewise be the revenue of the different persons to whom they are paid That revenue, therefore, cannot consist in those metal pieces, of which the amount is so much inferior to its value, but in the power of purchasing, in the goods which can successively be bought with them as they circulate from hand to hand

Money, therefore, the great wheel of circulation, the great instrument of commerce, like all other instruments of trade, though it

of that revenue.

Thirdly, and lastly, the machines and in-

the same kind

It is sufficiently obvious, and it has partly, too, been explained already, in what manner every saving in the expense of supporting the fixed capital is an improvement of the net revenue of the society. The whole capital of the undertaker of every work is necessarily

dustry into motion, and consequently the annual produce of land and labour, the real revenue of every society

The substitution of paper in the room of gold and silver money, replaces a very expensive instrument of commerce with one much less costly, and sometimes equally conven-

gross or the net revenue of the society, is not altogether so obvious, and may therefore require some further explication

There are several different sorts of paper money, but the circulating notes of banks and bankers are the species which is best known, and which seems best adapted for this purpose

When the people of any particular country have such confidence in the fortune, probity, and prudence of a particular banker, as to believe that he is always ready to pay upon demand such of his promissory notes as are likely to be at any time presented to him, those notes come to have the same currency as gold and silver money, from the confidence that such money can at any time be had for them

A particular banker lends among his customers his own promissory notes, to the extent, we shall suppose, of a hundred thousand

pounds As those notes serve all the purposes

continue to circulate for months and years together Though he has generally in circulation therefore notes to the extent of a hundred thousand pounds twenty thousand pounds in gold and silver may frequently be

requisite

for circulating the whole annual produce of their land and labour Let us suppose too that some time thereafter different banks and bankers issued promissory notes payable to the bearer to the extent of *one million* reserving in their different coffers two hundred thousand pounds for answering occasional demands There would remain therefore in circulation, eight hundred thousand pounds in gold and silver and a million of bank

ers and that annual produce cannot be immediately augmented by those operations of banking One million therefore will be

such an expression will remain precisely the same as before One million we have supposed sufficient to fill that channel Whatever therefore is poured into it beyond

not run in it but must overflow One million eight hundred thousand pounds are poured

ployment which it cannot find at home But the paper cannot go abroad because at a

common payments Gold and silver therefore to the amount of eight hundred thousand

one foreign country in order to supply the consumption of another or in what is called the carrying trade whatever profit they make will be an addition to the net revenue of their own country It is like a new fund created for carrying on a new trade domestic business being now transacted by paper and the gold and silver being converted into a fund for this new trade

such as foreign wines foreign silks etc or secondly they may purchase an additional stock of materials tools and provisions in order to maintain and employ an additional number of *industrious people who reproduce* with a profit the value of their annual consumption

So far as it is employed in the first way it promotes prodigality increases expense and consumption without increasing production or establishing any permanent fund for supporting that expense and is in every respect *hurtful to the society*

So far as it is employed in the second way it promotes industry and though it increases the consumption of the society it provides a permanent fund for supporting that consumption the people who consume reproducing with a profit the whole value of their annual

ety the annual produce of their land and labour is increased by the whole value which the labour of those workmen adds to the materials upon which they are employed and their net revenue by what remains of this value after deducting what is necessary for supporting the tools and instruments of their trade

That the greater part of the gold and silver which being forced abroad by those operations of banking is employed in purchasing foreign goods for home consumption is and must be employed in purchasing those of this second kind seems not only probable but almost unavoidable Though some particular men may sometimes increase their expense very considerably though their revenue does not increase at all we may be assured that no class or order of men ever does so because though the principles of common prudence do not always govern the conduct of every individual they always influence that of the majority of every class or order But the revenue of idle people considered as a class or order cannot in the smallest degree be increased by those operations of banking Their expense in general therefore cannot be much increased by them though that of a few individuals among them may and in reality sometimes is The demand of idle people therefore for foreign goods being the same or very nearly the same as before a very small part of the money which being forced abroad by those operations of banking is employed in purchasing foreign goods for home consumption is likely to be employed in purchasing those for their use The greater part of it will naturally be destined for the employment of industry and not for the maintenance of idleness

When we compute the quantity of industry which the circulating capital of any society can employ we must always have regard to those parts of it only which consist in provisions materials and finished work the other which consists in money and which serves only to circulate those three must always be deducted In order to put industry into motion three things are requisite materials to work upon tools to work with and the wages or recompense for the sake of which the work is done Money is neither a material to work upon nor a tool to work with and though the wages of the workman are commonly paid to him in money his real revenue, like that of all other men consists, not in money but in the money's worth not in the metal pieces, but in what can be got for them

The quantity of industry which any capital can employ must evidently be equal to the number of workmen whom it can supply with materials tools and a maintenance suitable to the nature of the work Money may be requisite for purchasing the materials and tools of the work as well as the maintenance of the workmen But the quantity of industry which the whole capital can employ is certainly not equal both to the money which purchases, and to the materials tools, and maintenance which are purchased with it but only to one or other of those two values and to the latter more properly than to the former

When paper is substituted in the room of gold and silver money the quantity of the materials tools and maintenance which the whole circulating capital can supply may be increased by the whole value of gold and silver which used to be employed in purchasing them The whole value of the great wheel of circulation and distribution is added to the goods which are circulated and distributed by means of it The operation in some measure resembles that of the undertaker of some great work who in consequence of some improvement in mechanics takes down his old machinery and adds the difference between its price and that of the new to his circulating capital to the fund from which he furnishes materials and wages to his workmen

What is the proportion which the circulating money of any country bears to the whole value of the annual produce circulated by means of it it is perhaps impossible to determine It has been computed by different authors at a fifth at a tenth at a twentieth and at a thirtieth part of that value But how small soever the proportion which the circulating money may bear to the whole value of the annual produce as but a part and frequently but a small part of that produce is ever destined for the maintenance of industry it must always bear a very considerable proportion to that part When therefore by the substitution of paper the gold and silver necessary for circulation is reduced to perhaps a fifth part of the former quantity if the value of only the greater part of the other four fifths be added to the funds which are destined for the maintenance of industry it must make a very considerable addition to the quantity of that industry and consequently, to the value of the annual produce of land and labour

An operation of this kind has within these five-and twenty or thirty years been performed in Scotland by the erection of new banking companies in almost every considerable town and even in some country villages The effects of it have been precisely those above described The business of the country is almost entirely carried on by means of the paper of those different banking companies, with which purchases and payments

of all kinds are commonly made Silver very seldom appears except in the change of a twenty shillings bank note and gold still seldomer But though the conduct of all those different companies has not been un exceptionable and has accordingly required an act of Parliament to regulate it the coun

the trade of Scotland has more than quadrupled since the first erection of the two public banks at Edinburgh of which the one, called the Bank of Scotland was established by act of Parliament in 1695 the other, called the Royal Bank by royal charter in 1727 Whether the trade either of Scotland in general or the city of Glasgow in particular, has really increased in so great a proportion during so short a period, I do not pretend to know If either of them has increased in this proportion it seems to be an effect too great to be accounted for by the sole operation of this cause That the trade and industry of Scotland, however, have increased very considerably during this period, and that the banks have contributed a good deal to this increase cannot be doubted

The value of the silver money which circulated in Scotland before the union, in 1707, and which immediately after it, was brought

for though the circulation of the Bank of Scotland which had then no rival was con

mented

It is chiefly by discounting bills of exchange that is by advancing money upon them before they are due, that the greater part of banks and bankers issue their promissory notes They deduct always upon whatever sum they advance, the legal interest till the bill shall become due The payment of the bill, when it becomes due replaces to the bank the value of what had been advanced together with a clear profit of the interest The banker who advances to the merchant

a larger sum

The commerce of Scotland which at present is not very great was still more inconsiderable when the two first banking companies were established and those companies would have had but little trade had they confined their business to the discounting of bills of exchange They invented therefore another method of issuing their promissory notes by granting what they called cash ac-

of repayment are so far as I know peculiar to them and have perhaps been the principal cause both of the great trade of those companies and of the benefit which the country has received from it

Whoever has a credit of this kind with one of those companies and borrows a thousand

[1] See Ruddiman's preface to Anderson's *Diplomata, etc., Scotiae*

are thereby interested to promote the trade of those companies by readily receiving their notes in all payments and by encouraging all those with whom they have any influence to do the same The banks when their customers apply to them for money, generally advance it to them in their own promissory notes These the merchants pay away to the manufacturers for goods the manufacturers to the farmers for materials and provisions the farmers to their landlords for rent the landlords repay them to the merchants for the conveniencies and luxuries with which they supply them and the merchants again return them to the banks in order to balance their cash accounts, or to replace what they may have borrowed of them and thus almost the whole money business of the country is transacted by means of them Hence the great trade of those companies

By means of those cash accounts every merchant can without imprudence carry on a greater trade than he otherwise could do If there are two merchants one in London and the other in Edinburgh who employ equal stocks in the same branch of trade the Edinburgh merchant can without imprudence carry on a greater trade and give employment to a greater number of people than the London merchant The London merchant must always keep by him a considerable sum of money, either in his own coffers or in those of his banker who gives him no interest for it in order to answer the demands continually coming upon him for payment of the goods which he purchases upon credit Let the ordinary amount of this sum be supposed five hundred pounds The value of the goods in his warehouse must always be less by five hundred pounds than it would have been had he not been obliged to keep such a sum unemployed Let us suppose that he generally disposes of his whole stock upon hand or of goods to the value of his whole stock upon hand once in the year By being obliged to keep so great a sum unemployed he must sell in a year five hundred pounds worth less goods than he might otherwise have done His annual profits must be less by all that he could have made by the sale of five hundred pounds' worth more goods and the number of people employed in preparing his goods for the market must be less by all those that five hundred pounds more stock could have employed The merchant in Edinburgh on the other hand, keeps no money unemployed for answering such occasional demands When they actually come upon him he satisfies them from his cash account with the bank and gradually replaces the sum borrowed with the money or paper which comes in from the occasional sales of his goods With the same stock therefore he can without imprudence, have at all times in his warehouse a larger quantity of goods than the London merchant and can thereby both make a greater profit himself, and give constant employment to a greater number of industrious people who prepare those goods for the market Hence the great benefit which the country has derived from this trade

The facility of discounting bills of exchange, it may be thought indeed gives the English merchants a conveniency equivalent to the cash accounts of the Scotch merchants But the Scotch merchants it must be remembered can discount their bills of exchange as easily as the English merchants and have besides, the additional conveniency of their cash accounts

The whole paper money of every kind which can easily circulate in any country never can exceed the value of the gold and silver of which it supplies the place or which (the commerce being supposed the same) would circulate there if there was no paper money If twenty shilling notes for example are the lowest paper money current in Scotland the whole of that currency which can easily circulate there cannot exceed the sum of gold and silver which would be necessary for transacting the annual exchanges of twenty shillings value and upwards usually transacted within that country Should the circulating paper at any time exceed that sum as the excess could neither be sent abroad nor be employed in the circulation of the country, it must immediately return upon the banks to be exchanged for gold and silver Many people would immediately perceive that they had more of this paper than was necessary for transacting their business at home and as they could not send it abroad they would immediately demand payment of it from the banks When this superfluous paper was converted into gold and silver they could easily find a use for it by sending it abroad but they could find none while it remained in the shape of paper There would immediately therefore be a run upon the banks to the whole extent of this superfluous paper and if they showed any difficulty or backwardness in payment to a much greater extent the alarm which this would occasion necessarily increasing the run

Over and above the expenses which are common to every branch of trade such as the expense of house rent the wages of servants clerks accountants etc the expenses peculiar to a bank consist chiefly in two articles first in the expense of keeping at all times in its coffers, for answering the occasional demands of the holders of its notes a large sum of money, of which it loses the

interest and secondly in the expense of replenishing those coffers as fast as they are emptied by answering such occasional demands

cessive increase of their circulation but in a much greater proportion their notes returning upon them much faster than in proportion to the excess of their quantity Such a company therefore ought to increase the first article of their expense not only in proportion to this forced increase of their business but in a much greater proportion

The coffers of such a company too though they ought to be filled much fuller yet must empty themselves much faster than if their business was confined within more reasonable bounds and must require not only a more violent but a more constant and uninterrupted exertion of expense in order to replenish them The coin too which is thus continually drawn in such large quantities from their coffers cannot be employed in the circulation of the country It comes in place of a paper which is over and above what can be employed in that circulation and is therefore over and above what can be employed in it too But as that coin will not be allowed to lie idle it must in one shape or another be sent abroad in order to find that profitable employment which it cannot find at

empty themselves so very rapidly ... a company therefore must in proportion to this forced increase of their business increase the second article of their expense still more than the first

thousand pounds only but fourteen thousand pounds It will thus gain nothing by the interest of the four thousand pounds excessive circulation and it will lose the whole expense of continually collecting four thousand pounds in gold and silver which will be continually going out of its coffers as fast as they are brought into them

Had every particular banking company always understood and attended to its own particular interest the circulation never could have been overstocked with paper money But every particular banking company has not always understood or attended to its own particular interest and the circulation has frequently been overstocked with paper money

By issuing too great a quantity of paper of which the excess was continually returning in order to be exchanged for gold and silver the Bank of England was for many years together obliged to coin gold to the extent of between eight hundred thousand pounds and a million a year or at an average about eight hundred and fifty thousand pounds For this great coinage the bank (in consequence of the worn and degraded state into which the gold coin had fallen a few years ago) was

age of so very large a sum Though the bank

This money was sent down by the waggon and insured by the carriers at an additional expense of three quarters per cent or fifteen

was to draw upon their correspondents in London bills of exchange to the extent of the sum which they wanted When those correspondents afterwards drew upon them for the payment of this sum together with the interest and a commission some of those banks from the distress into which their excessive circulation had thrown them had sometimes no other means of satisfying this draught but by drawing a second set of bills either upon the same or upon some other correspondents in London and the same sum or rather bills for the same sum would in this manner make

sometimes more than two or three journeys the debtor bank paying always the interest and commission upon the whole accumulated sum Even those Scotch banks which never distinguished themselves by their extreme imprudence were sometimes obliged to employ this ruinous resource

The gold coin which was paid out either by the Bank of England or by the Scotch banks in exchange for that part of their paper which was over and above what could be employed in the circulation of the country being likewise over and above what could be employed in that circulation was sometimes sent abroad in the shape of coin sometimes melted down and sent abroad in the shape of bullion and sometimes melted down and sold to the Bank of England at the high price of four pounds an ounce It was the newest the heaviest and the best pieces only which were carefully picked out of the whole coin and either sent abroad or melted down At home and while they remained in the shape of coin those heavy pieces were of no more value than the light But they were of more value abroad or when melted down into bullion at home The Bank of England notwithstanding their great annual coinage found to their astonishment that there was every year the same scarcity of coin as there had been the year before and that notwithstanding the great quantity of good and new coin which was every year issued from the bank the state of the coin instead of growing better and better became every year worse and worse Every year they found themselves under the necessity of coining nearly the same quantity of gold as they had coined the year before and from the continual rise in the price of gold bullion in consequence of the continual wearing and clipping of the coin the expense of this great annual coinage became every year greater and greater The Bank of England it is to be observed by supplying its own coffers with coin is indirectly obliged to supply the whole kingdom into which coin is continually flowing from those coffers in a great variety of ways What ever coin therefore was wanted to support this excessive circulation both of Scotch and English paper money whatever vacuities this excessive circulation occasioned in the necessary coin of the kingdom the Bank of England was obliged to supply them The Scotch banks no doubt paid all of them very dearly for their own imprudence and inattention But the Bank of England paid very dearly not only for its own imprudence but for the much greater imprudence of almost all the Scotch banks

The overtrading of some bold projectors in both parts of the United Kingdom was the original cause of this excessive circulation of paper money

What a bank can with propriety advance to a merchant or undertaker of any kind is not either the whole capital with which he trades or even any considerable part of that capital but that part of it only which he would otherwise be obliged to keep by him unemployed and in ready money for answering occasional demands If the paper money which the bank advances never exceeds this value it can never exceed the value of the gold and silver which would necessarily circulate in the country if there was no paper money, it can never exceed the quantity which the circulation of the country can easily absorb and employ

When a bank discounts to a merchant a real bill of exchange drawn by a real creditor upon a real debtor and which as soon as it becomes due is really paid by that debtor it only advances to him a part of the value which he would otherwise be obliged to keep by him unemployed and in ready money for answering occasional demands The payment of the bill when it becomes due replaces to the bank the value of what it had advanced together with the interest The coffers of the bank so far as its dealings are confined to such customers resemble a water pond from which though a stream is continually running out yet another is continually running in, fully equal to that which runs out so that without any further care or attention the pond keeps always equally or very near equally full Little or no expense can ever be necessary for replenishing the coffers of such a bank

A merchant without overtrading may frequently have occasion for a sum of ready money even when he has no bills to discount When a bank besides discounting his bills advances him likewise upon such occasions such sums upon his cash account and accepts of a piecemeal repayment as the money comes in from the occasional sale of his goods upon the easy terms of the banking companies of Scotland it dispenses him entirely from the necessity of keeping any part of his stock by him unemployed and in ready money for answering occasional demands When such demands actually come upon him he can answer them sufficiently from his cash account The bank however in dealing with such customers ought to observe with great attention whether in the course of some short period (of four five six or eight months for example) the sum of the repayments which it commonly receives from them is or is not fully equal to that of the advances which it commonly makes to them If within the course of such short periods the sum of the repay

ments from certain customers is upon most occasions fully equal to that of the advances it may safely continue to deal with such customers Though the stream which is in this case continually running out from its coffers may be very large that which is continually running into them must be at least equally large so that without any further care or

advances which it makes to them it cannot with any safety continue to deal with such customers at least if they continue to deal with it in this manner The stream which is in this case continually running out from its coffers is necessarily much larger than that which is continually running in so that unless they are replenished by some great and continual effort of expense those coffers must soon be exhausted altogether

The banking companies of Scotland accordingly were for a long time very careful to require frequent and regular repayments from all their customers and did not care to deal with any person, whatever might be his fortune or credit who did not make what they called frequent and regular operations with

own books afforded them men being for the most part either regular or irregular in their repayments according as their circumstances are either thriving or declining A private man who lends out his money to perhaps half a dozen or a dozen of debtors may either by

mation concerning the conduct and circumstances of the greater part of its debtors beyond what its own books afford it In requiring frequent and regular repayments from all their customers the banking companies of Scotland had probably this advantage in view

Secondly by this attention they secured themselves from the possibility of issuing more paper money than what the circulation of the country could easily absorb and employ When they observed that within moderate periods of time the repayments of a particular customer were upon most occasions fully equal to the advances which they had made to him they might be assured that the paper money which they had advanced to him had not at any time exceeded the quantity of gold and silver which he would otherwise have been obliged to keep by him for answering occasional demands and that consequently the paper money which they had circulated by his means had not at any time exceeded the quantity of gold and silver which would have circulated in the country had there been no paper money The frequency regularity and amount of his repayments would sufficiently demonstrate that the amount of their advances had at no time exceeded that part of his capital which he would otherwise have been obliged to keep by him unemployed and in ready money for answering occasional demands that is for the purpose of keeping the rest of his capital in constant employment It is this part of his capital only which within moderate periods of time is continually returning to every dealer in the shape of money whether paper or coin and

such advances he would have been obliged

circulated in the country had there been no paper money and consequently to exceed the

counts the circulation of any country can be dispensed from the necessity of keeping any part of their stock by them une

ployed and in ready money for answering occasional demands, they can reasonably expect no farther assistance from banks and bankers who when they have gone thus far, cannot consistently with their own interest and safety go farther A bank cannot, consistently with its own interest, advance to a trader the whole or even the greater part of the circulating capital with which he trades because though that capital is continually returning to him in the shape of money and going from him *in the same shape yet the* whole of the returns is too distant from the *whole of the outgoings* and *the sum of his* repayments could not equal the sum of its advances within such moderate periods of time as suit the conveniency of a bank Still less could a bank afford to advance him any considerable part of his fixed capital of the capital which the undertaker of an iron forge for example employs in erecting his forge and smelting house his workhouses and ware houses the dwelling houses of his workmen etc of the capital which the undertaker of *a mine employs in sinking his shafts, in* erecting engines for drawing out the water, in making roads and waggon ways etc of the capital which the person who undertakes to improve land employs in clearing draining enclosing manuring and ploughing waste and uncultivated fields in building farm houses with all their necessary appendages of stables granaries etc The returns of the fixed capital are in almost all cases much slower than those of the circulating capital and such expenses *even when laid out with the greatest* prudence and judgment very seldom return to the undertaker till after a period of many years a period by far too distant to suit the conveniency of a bank Traders and other undertakers may no doubt with great propriety carry on a very considerable part of their projects with borrowed money In justice to their creditors, however their own *capital ought in this case to be sufficient* to ensure if I may say so the capital of those creditors or to render it extremely improbable that those creditors should incur any loss even though the success of the project should fall very much short of the expectation of the projectors Even with this precaution too the money which is borrowed and which it is meant should not be repaid till after a period of several years ought not to be borrowed of a bank, but ought to be borrowed upon bond *or mortgage of such private people as* propose to live upon the interest of their money without taking the trouble themselves to employ the capital and who are upon that account willing to lend that capital to such people of good credit as are likely to keep it for several years A bank, indeed which lends its money without the expense of stamped paper or of attorneys' fees for drawing bonds and mortgages, and which accepts of repayment upon the easy terms of the banking companies of Scotland would no doubt be a very convenient creditor to such traders and undertakers But such traders and undertakers would surely, be most inconvenient debtors to such a bank

It is now more than five and twenty years since the paper money issued by the different *banking companies of Scotland was fully* equal or rather was somewhat more than fully equal to what the *circulation of* the country could easily absorb and employ Those companies, therefore, had so long ago given all the assistance to the traders and other undertakers of Scotland which it is possible for banks and bankers consistently with their own interest to give They had even done somewhat more They had overtraded a little and had brought upon themselves that loss or at least that diminution of profit, which in this particular business never fails to at*tend the smallest degree of overtrading* Those traders and other undertakers having got so much assistance *from* banks and bankers wished to get still more The banks they seem to have thought could extend their credits to whatever sum might be wanted, without incurring any other expense besides that of a few reams of paper They complained of the contracted views and dastardly spirit of the directors of those banks which did not they said extend their credits in *proportion to the extension of the trade* of the country meaning no doubt by the extension of that trade the extension of their own projects beyond what they could carry on either with their own capital or with what they had credit to borrow of private people in the usual way of bond or mortgage The banks they seem to have thought were in honour bound to supply the deficiency, and to provide them with all the *capital* which they wanted to trade with The banks how*ever were of a different opinion* and upon their refusing to extend their credits some of those traders had recourse to an expedient which for a time served their purpose though at a much greater expense yet as effectually as the utmost extension of bank credits could have done This expedient was no other than the well known *shift of drawing and redrawing* the shift to which unfor*tunate traders have sometimes* recourse when they are upon the brink of bankruptcy The practice of raising money in this manner had been long known in England and during the course of the late war when the high profits of trade afforded a great temptation to overtrading is said to have carried on to a very

great extent From England it was brought into Scotland, where, in proportion to the very limited commerce, and to the very moderate capital of the country, it was soon carried on to a much greater extent than it ever had been in England

The practice of drawing and redrawing is so well known to all men of business that it may perhaps be thought unnecessary to give an account of it But as this book may come into the hands of many people who are not men of business, and as the effects of this practice upon the banking trade are not perhaps generally understood even by men of business themselves, I shall endeavour to explain it as distinctly as I can

The customs of merchants, which were established when the barbarous laws of Europe did not enforce the performance of their contracts, and which during the course of the two last centuries have been adopted into the laws of all European nations have given such extraordinary privileges to bills of exchange that money is more readily advanced upon them than upon any other species of obligation, especially when they are made payable within so short a period as two or three months after their date If, when the bill becomes due, the acceptor does not pay it as soon as it is presented he becomes from that moment a bankrupt The bill is protested, and returns upon the drawer, who, if he does not immediately pay it, becomes likewise a bankrupt If, before it came to the person who presents it to the acceptor for payment, it had passed through the hands of several other persons, who had successively advanced to one another the contents of it either in money or goods, and who to express that each of them had in his turn received those contents, had all of them in their order endorsed, that is, written their names upon the back of the bill each endorser becomes in his turn liable to the owner of the bill for those contents, and, if he fails to pay, he becomes too from that moment a bankrupt Though the drawer, acceptor, and endorsers of the bill should, all of them, be persons of doubtful credit, yet still the shortness of the date gives some security to the owner of the bill Though all of them may be very likely to become bankrupts it is a chance if they all become so in so short a time The house is crazy, says a weary traveller to himself, and will not stand very long but it is a chance if it falls to-night, and I will venture, therefore to sleep in it to-night

The trader A in Edinburgh we shall suppose, draws a bill upon B in London, payable two months after date In reality B in London owes nothing to A in Edinburgh, but he agrees to accept of A s bill, upon condition that before the term of payment he shall redraw upon A in Edinburgh for the same sum, together with the interest and a commission, another bill, payable likewise two months after date B accordingly, before the expiration of the first two months, redraws this bill upon A in Edinburgh, who again, before the expiration of the second two months, draws a second bill upon B in London, payable likewise two months after date, and before the expiration of the third two months, B in London redraws upon A in Edinburgh another bill, payable also two months after date This practice has sometimes gone on, not only for several months, but for several years together, the bill always returning upon A in Edinburgh, with the accumulated interest and commission of all the former bills The interest was five per cent in the year, and the commission was never less than one half per cent on each draft This commission being repeated more than six times in the year, whatever money A might raise by this expedient must necessarily have cost him something more than eight per cent in the year, and sometimes a great deal more when either the price of the commission happened to rise, or when he was obliged to pay compound interest upon the interest and commission of former bills This practice was called raising money by circulation

In a country where the ordinary profits of stock in the greater part of mercantile projects are supposed to run between six and ten per cent, it must have been a very fortunate speculation of which the returns could not only repay the enormous expense at which the money was thus borrowed for carrying it on but afford besides a good surplus profit to the projector Many vast and extensive projects however, were undertaken, and for several years carried on without any other fund to support them besides what was raised at this enormous expense The projectors, no doubt had in their golden dreams the most distinct vision of this great profit Upon their awaking however either at the end of their projects, or when they were no longer able to carry them on they very seldom, I believe, had the good fortune to find it[1]

[1] The method described in the text was by no means either the most common or the most expensive one in which those adventurers sometimes raised money by circulation It frequently happened that A in Edinburgh would enable B in London to pay the first bill of exchange by drawing a few days before it became due a second bill at three months date upon the same B in London This bill being payable to his own order A sold in Edinburgh at par, and with its contents pu bills upon London payable at sight to the B to whom he sent them by the post.

The bills A in Edinburgh drew upon B in London, he regularly discounted two months before they were due with some bank or banker in Edinburgh, and the bills which B in London redrew upon A in Edinburgh he as regularly discounted either with the Bank of England, or with some other bankers in London. Whatever was advanced upon such circulating bills, was, in Edinburgh, advanced in the paper of the Scotch banks, and in London, when they were discounted at the Bank of England, in the paper of that bank. Though the bills upon which this paper had been advanced were all of them repaid in their turn as soon as they became due, yet the value which had been really advanced upon the first bill, was never really returned to the banks which advanced it, because, before each bill became due, another bill was always drawn to somewhat a greater amount than the bill which was soon to be paid, and the discounting of this other bill was essentially necessary towards the payment of that which was soon to be due. This payment, therefore, was altogether fictitious. The stream, which, by means of those circulating bills of exchange, had once been made to run out from the coffers of the banks, was never replaced by any stream which really run into them.

The paper which was issued upon those circulating bills of exchange, amounted, upon many occasions, to the whole fund destined for carrying on some vast and extensive project of agriculture, commerce, or manufactures, and not merely to that part of it which, had there been no paper money, the projector would have been obliged to keep by him, unemployed and in ready money for answering occasional demands. The greater part of this paper was, consequently, over and above the value of the gold and silver which would have circulated in the country, had there been no paper money. It was over and above, therefore, what the circulation of the country could easily absorb and employ, and upon that account immediately returned upon the banks in order to be exchanged for gold and silver, which they were to find as they could. It was a capital which those projectors had very artfully contrived to draw from those banks, not only without their knowledge or deliberate consent, but for some time, perhaps without their having the most distant suspicion that they had really advanced it.

When two people, who are continually drawing and redrawing upon one another, discount their bills always with the same banker, he must immediately discover what they are about, and see clearly that they are trading, not with any capital of their own, but with the capital which he advances to them. But this discovery is not altogether so easy when they discount their bills sometimes with one banker, and sometimes with another, and when the same two persons do not constantly draw and redraw upon one another, but occasionally run the round of a great circle of projectors, who find it for their interest to assist one another in this method of raising money, and to render it, upon that account, as difficult as possible to distinguish between a real and fictitious bill of exchange, between a bill drawn by a real creditor upon a real debtor, and a bill for which there was properly no real creditor but the bank which discounted it, nor any real debtor but the projector who made use of the money. When a banker had even made this discovery, he might sometimes make it too late, and might find that he had already discounted the bills of those projectors to so great an extent that, by refusing to discount any more, he would necessarily make them all bankrupts, and thus, by ruining them, might perhaps ruin himself. For his own interest and safety, therefore, he might find it necessary, in this very perilous situation, to go on for some time, endeavouring, however, to withdraw gradually, and upon that account making every day greater and greater difficulties about discount-

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end of the late war, the exchange between Edinburgh and London was frequently three per cent against Edinburgh, and those bills at sight must frequently have cost A that premium. This transaction therefore being repeated at least four times in the year, and being loaded with a commission of at least one half per cent upon each repetition, must at that period have cost A at least fourteen per cent in the year. At other times A would enable B to discharge the first bill of exchange by drawing, a few days before it became due, a second bill at two months date, not upon B, but upon some third person, C, for example, in London. This other bill was made payable to the order of B, who, upon its being accepted by C, discounted it with some banker in London; and A enabled C to discharge it by drawing, a few days before it became due, a third bill, likewise at two months date, sometimes upon his first correspondent B, and sometimes upon some fourth or fifth person, D or E, for example. This third bill was made payable to the order of C, who, as soon as it was accepted, discounted it in the same manner with some banker in London. Such operations being repeated at least six times in the year, and being loaded with a commission of at least one-half per cent upon each repetition, together with the legal interest of five per cent, this method of raising money, in the same manner as that described in the text, must have cost A something more than eight per cent. By saving, however, the exchange between Edinburgh and London, it was less expensive than that mentioned in the foregoing part of this note; but then it required an established credit with more houses than one in London, an advantage which many of these adventurers could not always find it easy to procure.

ing, in order to force those projectors by degrees to have recourse, either to other bankers, or to other methods of raising money, so that he himself might, as soon as possible, get out of the circle The difficulties, accordingly, which the Bank of England, which the principal bankers in London, and which even the more prudent Scotch banks began after a certain time, and when all of them had already gone too far, to make about discounting, not only alarmed, but enraged in the highest degree those projectors Their own distress, of which this prudent and necessary reserve of the banks was, no doubt, the immediate occasion, they called the distress of

lend for as long a time, and to as great an extent as they might wish to borrow The banks, however, by refusing in this manner to give more credit to those to whom they had already given a great deal too much, took the only method by which it was now possible to save either their own credit or the public credit of the country

was the avowed principle of this bank to advance upon any reasonable security the whole capital which was to be employed in those improvements of which the returns are the most slow and distant such as the improvements of land To promote such improvements was even said to be the chief of

greater part of them over and above what the circulation of the country could easily

to this bank at two different subscriptions, amounted to one hundred and sixty thousand pounds, of which eighty per cent only was paid up This sum ought to have been paid in at several different instalments A great part of the proprietors, when they paid in their first instalment, opened a cash ac

which they treated all other men, allowed many of them to borrow upon this cash account what they paid in upon all their subsequent instalments Such payments therefore, only put into one coffer what had the moment before been taken out of another But had the coffers of this bank been filled ever so well, its excessive circulation must have emptied them faster than they could have been replenished by any other expedient

worth several millions and by their subscription to the original bond or contract of the bank, were really pledged for answering all

sand pounds in bank notes In order to sup-

amounted to upwards of six hundred thousand pounds This bank, therefore had, in little more than the course of two years, advanced to different people upwards of eight hundred thousand pounds at five per cent Upon the two hundred thousand pounds which it circulated in bank notes this five per cent might perhaps be considered as clear gain without any other deduction besides the expense of management. But upon upwards of six hundred thousand pounds, for which it was continually drawing bills of exchange upon London it was paying in the way of interest and commission, upwards of eight per cent and was consequently losing more than three per cent upon more than three fourths of all its dealings

The operations of this bank seem to ha

produced effects quite opposite to those which were intended by the particular persons who planned and directed it They seem to have

exchange had given some offence This bank, no doubt gave some temporary relief to those projectors, and enabled them to carry on their projects for about two years longer than they could otherwise have done But it thereby *only enabled them to get so much deeper into* debt, so that when ruin came, it fell so much the heavier both upon them and upon their

much better for themselves their creditors, and their country, had the greater part of them been obliged to stop two years sooner than they actually did The temporary relief, however, which this bank afforded to those

they were received with open arms Those other banks therefore, were enabled to get very easily out of that fatal circle, from which they could not otherwise have disengaged themselves without incurring a considerable loss and perhaps too even some degree of discredit

In the long run therefore the operations of this bank increased the real distress of the country which it meant to relieve and effectually relieved from a very great distress those rivals whom it meant to supplant

At the first setting out of this bank, it was

vanced its paper Experience, I believe soon convinced them that this method of raising

came due, paying them by other drafts upon the same place with accumulated interest and commission But though they had been able

by this method to raise money as fast as they wanted it, yet, instead of making a profit, they must have suffered a loss by every such operation, so that in the long run they must have ruined themselves as a mercantile com

country could absorb and employ, returned upon them in order to be exchanged for gold and silver, as fast as they issued it and for the payment of which they were themselves continually obliged to borrow money On the contrary, the whole expense of this borrowing *of employing agents to look out for people* who had money to lend, of negotiating with those people, and of drawing the proper bond or assignment, must have fallen upon them, and have been so much clear loss upon the balance of their accounts The project of replenishing their coffers in this manner may be compared to that of a man who had a water pond from which a stream was continually running out, and into which no stream was continually running, but who proposed to keep it always equally full by employing a number of people to go continually with buckets to a well at some miles distance in order to bring water to replenish it

But though this operation had proved not only practicable but profitable to the bank as a mercantile company, yet the country could have derived no benefit from it, but on the contrary, must have suffered a very considerable loss by it This operation could not augment in the smallest degree the quantity of money to be lent It could only have erected this bank into a sort of general loan office for the whole country Those who wanted to borrow must have applied to this bank instead of applying to the private persons who had lent it their money But a bank which lends money perhaps to five hundred different people, the greater part of whom its directors can know very little about, is not likely to be more judicious in the choice of its debtors than a private person who lends out his money among a few people whom he knows and in whose sober and frugal conduct he thinks he has good reason to confide The debtors of such a bank as that whose conduct

able to complete, and which, if they should be completed, would never repay the expense

which they had really cost, would never

borrowed in sober undertakings which were proportioned to their capitals, and which,

would only have transferred a great part of it from prudent and profitable to imprudent

have imagined might issue paper to the amount of the whole value of all the lands in the country, he proposed to remedy this want of money. The Parliament of Scotland, when he first proposed his project, did not think

foundation of what is called the Mississippi scheme, the most extravagant project both of banking and stock-jobbing that, perhaps, the world ever saw. The different operations

any account of them. The principles upon which it was founded are explained by Mr

charter under the Great Seal, dated the 27th of July, 1694. It at that time advanced to government the sum of one million two hundred thousand pounds, for an annuity of one hundred thousand pounds, or for £96,000 a year interest, at the rate of eight per cent, and £4000 a year for the expense of management. The credit of the new government, established by the Revolution, we may believe, must have been very low, when it was

ed at this time to £2,201,171 10s. This en-

going on at this time, the bank had thought proper to discontinue the payment of its notes, which necessarily occasioned their discredit.

In pursuance of the 7th Anne, c. 7, the bank advanced and paid into the exchequer the sum of £400,000, making in all the sum of £1,600,000 which it had advanced upon its original annuity of £96,000 interest and £4000 for expense of management. In 1708, therefore, the credit of government was as good as that of private persons, since it could borrow at six per cent interest the common legal and market rate of those times. In pursuance of the same act, the bank cancelled exchequer bills to the amount of

James Postlethwaite's *History* ... *Revenue*, p. 301.

advanced to the public, and for which it received interest, began first to exceed its capital stock or the sum for which it paid a dividend to the proprietors of bank stock, or, in other words, that the bank began to have an undivided capital, over and above its divided one It has continued to have an undivided capital of the same kind ever since In 1746, the bank had, upon different occasions, advanced to the public £11 686,800 and its divided capital had been raised by different calls and subscriptions to £10,780 000 The state of those two sums has continued to be the same ever since In pursuance of the 4th of George III, c 25, the bank agreed to pay to government for the renewal of its charter £110 000 without interest or repayment This sum, therefore did not increase either of those two other sums

The dividend of the bank has varied according to the variations in the rate of the interest which it has at different times, re

been reduced from eight to three per cent For some years past the bank dividend has been at five and a half per cent

The stability of the Bank of England is equal to that of the British government All that it has advanced to the public must be lost before its creditors can sustain any loss No other banking company in England can be established by act of Parliament or can consist of more than six members It acts, not only as an ordinary bank but as a great engine of state It receives and pays the greater part of the annuities which are due to the creditors of the public, it circulates exchequer bills, and it advances to government the annual amount of the land and malt taxes which are frequently not paid up till some years thereafter In those different operations its duty to the public may sometimes have obliged it, without any fault of its directors

to have advanced for this purpose in one week, about £1 600 000 a great part of it in bullion I do not however pretend to warrant either the greatness of the sum, or the shortness of the time Upon other occasions this great company has been reduced to the necessity of paying in sixpences

It is not by augmenting the capital of the country, but by rendering a greater part of that capital active and productive than would otherwise be so, that the most judicious operations of banking can increase the industry of the country That part of his capital which a dealer is obliged to keep by him unemployed, and in ready money, for answering occasional demands, is so much dead stock,

tive and productive stock into materials to work upon, into tools to work with, and into

uted to the proper consumers, is in the same manner as the ready money of the dealer, all dead stock It is a very valuable part of the capital of the country, which produces nothing to the country The judicious operations of banking, by substituting paper in the room of a great part of this gold and silver enables the country to convert a great part of this dead stock into active and productive stock into stock which produces something to the country The gold and silver money which circulates in any country may very properly be compared to a highway, which while it circulates and carries to mar

sort of waggon way through the air, enable the country to convert, as it were a great part of its highways into good pastures and corn fields and thereby to increase very considerably the annual produce of its land and labour The commerce and industry of the country, however it must be acknowledged though they may be somewhat augmented, cannot be altogether so secure when they are

dence or skill of those conductors can guard them

An *unsuccessful war for example* in which the enemy got possession of the capital and consequently of that treasure which supported the credit of the paper money, would occasion a much greater confusion in a country where the whole circulation was carried on by paper, than in one where the greater part of it was carried on by gold and silver The usual instrument of commerce having lost its

value no exchanges could be made but either by barter or upon credit All taxes having

to guard not only against that excessive multiplication of paper money which ruins the very banks which issue it but even against that multiplication of it which enables them to fill the greater part of the circulation of the country with it

The circulation of every country may be considered as divided into two different branches the circulation of the dealers with

culation and sometimes in the other yet as both are constantly going on at the same time each requires a certain stock of money of one kind or another to carry it on The value of the goods circulated between the different dealers never can exceed the value of those circulated between the dealers and the consumers whatever is bought by the dealers being ultimately destined to be sold to the consumers The circulation between the dealers as it is carried on by wholesale requires generally a pretty large sum for every particular transaction That between the deal

[illegible]
small sums circulate much faster than large ones A shilling changes masters more fre

Paper money may be so regulated as either to confine itself very much to the circulation between the different dealers or to extend itself likewise to a great part of that between the dealers and the consumers Where no bank notes are circulated under ten pounds value as in London paper money confines itself very much to the circulation between the dealers When a ten pound bank note comes into the hands of a consumer he is generally obliged to change it at the first shop where he has occasion to purchase five shillings worth of goods so that it often returns into the hands of a dealer before the consumer has spent the fortieth part of the money Where bank notes are issued for so small sums as twenty shillings as in Scotland paper money extends itself to a considerable part of the circulation between dealers and consumers Before the Act of Parliament which put a stop to the circulation of ten and five shilling notes it filled a still greater part of that circulation In the currencies of North America paper was commonly issued for so

Where the issuing of bank notes for such very small sums is allowed and commonly practised many mean people are both enabled and encouraged to become bankers A
[illegible]

sum as a sixpence But the frequent bankruptcies to which such beggarly bankers must be liable may occasion a very considerable inconveniency and sometimes even a very great calamity to many poor people who had received their notes in payment
[illegible]

does at present in London where no bank notes are issued under ten pounds value five
[illegible]

tween dealers and dealers as at London there *is always plenty of gold and silver Where it* extends itself to a considerable part of the circulation between dealers and consumers as in Scotland and still more in North America it banishes gold and silver almost entirely from the country almost all the ordinary transactions of its interior commerce being
[illegible]

notes [illegible]
Those metals are said to have become more

abundant in America since the suppression of some of their paper currencies They are said, likewise, to have been more abundant before the institution of those currencies

Though paper money should be pretty much confined to the circulation between dealers and dealers, yet banks and bankers might still be able to give nearly the same assistance to the industry and commerce of the country as they had done when paper [illegible]

tween himself and other dealers of whom he buys goods He has no occasion to keep any by him for the circulation between himself and the consumers who are his customers, and who bring ready money to him instead of taking any from him Though no paper money, therefore, was allowed to be issued [illegible]

and in ready money for answering occasional demands They might still be able to give the utmost assistance which banks and bankers can with propriety give to traders of every kind

To restrain private people it may be said, from receiving in payment the promissory notes of a banker for any sum whether great or small when they themselves are willing to [illegible]

might endanger the security of the whole society are, and ought to be restrained by [illegible] ost free [illegible] he obli [illegible] to pre- [illegible] iolation [illegible] ne kind with the regulations of the banking trade which are here proposed

A paper money consisting in bank notes, [illegible]

at any time be had for it Whatever is either bought or sold for such paper must necessarily be bought or sold as cheap as it could have been for gold and silver

The increase of paper money, it has been [illegible]

not necessarily increase the quantity of the whole currency From the beginning of the last century to the present time provisions never were cheaper in Scotland than in 1759, though, from the circulation of ten and five shilling bank notes, there was then more paper money in the country than at present The proportion between the price of provisions in Scotland and that in England is the same now as before the great multiplication of banking companies in Scotland Corn is, upon most occasions fully as cheap in England as in France though there is a great deal of paper money in England, and scarce [illegible]

money in Scotland there was a very sensible rise in the price of provisions owing probably to the badness of the seasons and not to the multiplication of paper money

It would be otherwise, indeed with a paper money consisting in promissory notes of which the immediate payment depended in any respect either upon the good will of those who issued them or upon a condition which the holder of the notes might not always have it in his power to fulfil or of which the payment was not exigible till after a certain number of years and which in the meantime bore no interest Such a paper money would [illegible]

ment, together with the legal interest for the said six months The directors of some of those banks sometimes took advantage of this optional clause and sometimes threatened those who demanded gold and silver in exchange for a considerable number of their

notes that they would take advantage of it, unless such demanders would content themselves with a part of what they demanded The promissory notes of those banking companies constituted at that time the far greater part of the currency of Scotland, which this uncertainty of payment necessarily degraded below the value of gold and silver money. During the continuance of this abuse (which prevailed chiefly in 1762, 1763, and 1764), while the exchange between London and Carlisle was at par, that between London and Dumfries would sometimes be four per cent against Dumfries, though this town is not thirty miles distant from Carlisle But at Carlisle, bills were paid in gold and silver, whereas at Dumfries they were paid in Scotch bank notes, and the uncertainty of getting

exchange between England and Scotland to its natural rate, or to what the course of trade and remittances might happen to make it

In the paper currencies of Yorkshire, the payment of so small a sum as a sixpence

condition which the holders of such notes

all such clauses unlawful and suppressed in

twen-

The paper currencies of North America consisted, not in bank notes payable to the bearer on demand but in government paper, of which the payment was not exigible till

issued But allowing the colony security to be perfectly good, a hundred pounds payable fifteen years hence, for example, in a country where interest at six per cent, is worth little more than forty pounds ready money To oblige a creditor, therefore, to accept of this as full payment for a debt of a hundred pounds actually paid down in ready money was an act of such violent injustice as has scarce, perhaps, been attempted by the government of any other country which pretended to be free It bears the evident marks of having originally been, what the honest

others to so great a sum as eleven hundred

in its emissions of paper money than any other of our colonies Its paper currency, accordingly, is said never to have sunk below the value of the gold and silver which was current in the colony before the first emission of its paper money Before that emission, the colony had raised the denomination of its coin and had by act of assembly, ordered five shillings sterling to pass in the colony for

value The pretence for raising the denomination of the coin, was to prevent the exportation of gold and silver, by making equal quantities of those metals pass for greater sums in the colony than they did in the mother country It was found however, that the price of all goods from the mother country rose exactly in proportion as they

the denomination of their coin so that their

full value for which it had been issued it necessarily derived from this use some additional *value* over and above what it would have had from the real or supposed distance

more or less above what could be employed in the payment of the taxes of the particular colony which issued it It was in all the colonies very much above *what could* be employed in this manner

A prince who should enact that a certain *proportion of* his taxes should be paid in a paper money of a certain kind might thereby give a certain value to this paper money even though the term of its final discharge and redemption should depend altogether

If the bank which

easily be employed in

mand for it might be such as to make it even bear a premium or sell for somewhat more in the market than the quantity of gold or silver currency for which it was issued Some people account in this manner for what is

pretend cannot be taken out of the bank at the will of the owner The greater part of foreign bills of exchange must be paid in bank money that is by a transfer in the books of

occasions a demand for It is *upon this* account they say that bank money sells for a premium or bears an agio of four or five per cent above the same nominal sum of the gold and silver currency of the country This *account* of the bank of Amsterdam however *it will appear hereafter* is in a great measure chimerical

A paper currency which falls below the value of gold and silver coin does not thereby sink *the value of those metals* or occasion equal quantities of them to exchange for a

other kind

pends in all cases

quantity of any particular paper money, which may be current in any particular country *but upon the* richness or poverty of the mines which happen at any particular time to supply the great market of the commercial world with those metals It depends upon the proportion between the quantity of labour which is necessary in order to bring a certain *quantity of gold* and silver to market and that which is necessary in order to bring thither a certain quantity of any other sort *of goods*

If bankers are restrained from issuing any circulating bank notes or notes payable to the bearer for less than a certain sum and if they are subjected to the obligation of an immediate and unconditional payment *of such* bank notes as soon as presented their trade may with safety to the public be *rendered in all other respects perfectly free The late*

into a greater number of parts the failure

which in the

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away In general if any branch of trade or any division of labour, be advantageous to the public the freer and more general the competition it will always be the more so

CHAPTER III

Of the Accumulation of Capital or of Productive and Unproductive Labour

There is one *sort of labour* which adds to the value of the subject upon which it is bestowed there is another *which has no such*

may

turer has his wages advanced to him by his master he in reality, costs *him no expense*

[1] *Some French authors of great* learning and ingenuity have used those words in a different sense In the last chapter of the *fourth* book I shall endeavour to show that their sense is an improper one

the value of those wages being generally restored together with a profit in the improved value of the subject upon which his labour is bestowed But the maintenance of a menial servant never is restored A man grows rich by employing a multitude of manufacturers he grows poor by maintaining a multitude of menial servants The labour of the latter however has its value and deserves its reward as well as that of the former But the labour of the manufacturer fixes and realizes itself in some particular subject or vendible commodity which lasts for some time at least after

thing the price of that subject can afterwards *if necessary put into motion a quantity* of labour equal to that which had orig

the very instant of their performance and seldom leave any trace or value behind them for which an equal quantity of service could afterwards be procured

The labour of some of the most respectable orders in the society is like that of menial servants unproductive of any value and does not fix or realize itself in any permanent subject or vendible commodity which endures after that labour is past and for which an equal quantity of labour could afterwards be procured The sovereign for example with all

useful or how necessary soever produces

chase its protection security and defence for the year to come In the same class must be ranked some both of the gravest and most important and some of the most frivolous professions churchmen lawyers physicians men of letters of all kinds players buffoons musicians opera singers opera dancers etc The labour of the meanest of these has a certain value regulated by the very same principle which regulate that of every other sort of labour and that of the noblest and most useful produces nothing which could afterwards purchase or procure an equal quantity of labour Like the declamation of the actor the harangue of the orator or the tune of the musician the work of all of them perishes in the very instant of its production

Both productive and unproductive labourers and those who do not labour at all are all equally maintained by the annual produce of the land and labour of the country This produce how great soever can never be infinite but must have certain limits According therefore as a smaller or greater proportion of it is in any one year employed in maintaining unproductive hands the more in the one case and the less in the other will remain for the productive and the next year s produce will be greater or smaller accordingly the whole annual produce if we except the spontaneous productions of the earth being the effect of productive labour

Though the whole annual produce of the *land and labour of every country is* no doubt ultimately destined for supplying the con

quently the largest is in the first place destined for replacing a capital or for renewing the provisions materials and finished work which had been withdrawn from a capital the other for constituting a revenue either to the owner of this capital as the profit of his stock or to some other person as the rent of his land Thus of the produce of land one part replaces the capital of the farmer the other pays his profit and the rent of the landlord and thus constitutes a revenue both to the owner of this capital as the profits of his stock and to some other person as the rent of his land Of the produce of a great manufactory in the same manner one part and that always the largest replaces the capital of the undertaker of the work the other pays his profit and thus constitutes a revenue to the owner of this capital

That part of the annual produce of the land and labour of any country which replaces a capital never is immediately em

ductive or unproductive hands

Whatever part of his stock a man employs as a capital he always expects is to be replaced to him with a profit He employs it therefore in maintaining productive hands

drawn from his capital and placed in his stock reserved for immediate consumption

Unproductive labourers and those who do not labour at all are all maintained by revenue either first by that part of the annual produce which is originally destined for constituting a revenue to some particular persons either as the rent of land or as the profits of stock or secondly by that part which though originally destined for replacing a capital and for maintaining productive labourers only yet when it comes into their hands whatever part of it is over and above their necessary subsistence may be em

or he may sometimes go to a play or a puppet show and so contribute his share towards maintaining one set of unproductive labourers or he may pay some taxes and thus help to maintain another set more honourable and useful indeed but equally unproductive No part of the annual produce however which had been originally destined to replace a capital is ever directed towards maintaining unproductive hands till after it has put

done before he can employ any part of them in this manner That part too is generally but a small one It is his spare revenue only of which productive labourers have seldom a great deal They generally have some however and in the payment of taxes the greatness of their number may compensate in some measure the smallness of their contribution The rent of land and the profits of stock are everywhere therefore the principal sources from which unproductive hands derive their subsistence These are the two sorts of revenue of which the owners have generally most to spare They might both maintain indifferently either productive or unproductive hands They seem however to have some predilection for the latter The expense of a great

very same sort as the great lord

The proportion therefore between the productive and unproductive hands depends very much in every country upon the proportion between that part of the annual produce which as soon as it comes either from the ground or from the hands of the productive labourers is destined for replacing a capital and that which is destined for constituting a revenue either as rent or as profit This proportion is very different in rich from what it is in poor countries.

Thus at present in the opulent countries of Europe a very large frequently the largest portion of the produce of the land is destined for replacing the capital of the rich and independent farmer the other for paying his profits and the rent of the landlord But anciently during the prevalency of the feudal government a very small portion of the produce was sufficient to replace the capital employed in cultivation It consisted commonly in a few wretched cattle maintained altogether by the spontaneous produce of uncultivated land and which might therefore be considered as a part of that spontaneous produce It generally too belonged to the landlord and was by him advanced to the

little more than a quit rent it really amounted to the whole produce of the land. Their lord could at all times command their labour in peace and their service in war Though they lived at a distance from his house they were equally dependent upon him as his retainers who lived in it But the whole produce of the land undoubtedly belongs to him who can dispose of the labour and service of all those whom it maintains In the present state of Europe the share of the landlord seldom exceeds a third sometimes not a fourth part of the whole produce of the land The rent of land however in all the improved parts of the country has been tripled and quadrupled since those ancient times and this third or fourth part of the annual produce is it seems three or four times greater than the whole had been before In the progress of improvement rent though it increases in proportion to the extent diminishes in proportion to the produce of the land

In the opulent countries of Europe great capitals are at present employed in trade and manufactures In the ancient state the little trade that was stirring and the few homely and coarse manufactures that were carried on required but very small capitals These however must have yielded very large profits. The rate of interest was nowhere less than ten per cent and their profits must have been sufficient to afford this great interest At present the rate of interest in the improved parts

of Europe is nowhere higher than six per cent and in some of the most improved it is so low as four three and two per cent Though that part of the revenue of the in*habitants which is derived from the profits* of stock is always much greater in rich than in poor countries it is because the stock is much greater in proportion to the stock the profits are generally much less

That part of the annual produce there fore which as soon as it comes either from the ground or from the hands of the productive labourers is destined for replacing a capital is not only much greater in rich than in poor countries but bears a much greater proportion to that which is imme diately destined for constituting a revenue either as rent or as profit The funds destined for the maintenance of productive labour are not only much greater in the former than in

latter

The proportion between those different funds necessarily determines in every coun try the general character of the inhabitants as to industry or idleness We are more in

they were two or three centuries ago Our ancestors were idle for want of a sufficient

towns of France and the inferior ranks of people, being chiefly maintained by the ex pense of the members of the courts of jus

run into it one of the richest wine countries in the world and which seems to produce the wine fittest for exportation or best suited to the taste of foreign nations Such ad vantageous situations necessarily attract a great capital by the great employment which they afford it and the employment of this capital is the cause of the industry of those two cities In the other parliament towns of France very little more capital seems to be employed than what is necessary for supply ing their own consumption that is little more than the smallest capital which can be employed in them The same thing may be said of Paris Madrid and Vienna Of those three cities Paris is by far the most indus trious but Paris itself is the principal market of all the manufactures established at Paris and its own consumption is the principal ob ject of all the trade which it carries on Lon don Lisbon and Copenhagen are perhaps the only three cities in Europe which are both the constant residence of a court and can at

capital for any other purpose than for sup plying the consumption of that city is prob ably more difficult than in one in which the inferior ranks of people have no other main tenance but what they derive from the em ployment of such a capital The idleness of the greater part of the people who are main tained by the expense of revenue corrupts it is probable the industry of those who ought to be maintained by the employment of capi tal and renders it less advantageous to em ploy a capital there than in other places There was little trade or industry in Edin burgh before the union When the Scotch Parliament was no longer to be assembled in it when it ceased to be the necessary resi dence of the principal nobility and gentry of Scotland it became a city of some trade and industry It still continues however to be the residence of the principal courts of jus tice in Scotland of the Boards of Customs and Excise etc A *considerable revenue* therefore still continues to be spent in it In trade and industry it is much inferior to Glasgow of which the inhabitants are chi maintained by the employment of cap

The inhabitants of a large village, it has sometimes been observed after having made considerable progress in manufactures have become idle and poor in consequence of a great lord having taken up his residence in their neighbourhood

The proportion between capital and revenue, therefore, seems everywhere to regulate the proportion between industry and idleness Wherever capital predominates industry prevails wherever revenue idleness Every increase or diminution of capital therefore naturally tends to increase or diminish the real quantity of industry the number of productive hands and consequently the exchangeable value of the annual produce of the land and labour of the country the real wealth and revenue of all its inhabitants

Capitals are increased by parsimony, and diminished by prodigality and misconduct

Whatever a person saves from his revenue he adds to his capital and either employs it himself in maintaining an additional number of productive hands or enables some other person to do so by lending it to him for an interest that is for a share of the profits As the capital of an individual can be increased only by what he saves from his annual revenue or his annual gains so the capital of a society which is the same with that of all the individuals who compose it can be increased only in the same manner

Parsimony and not industry is the immediate cause of the increase of capital Industry indeed provides the subject which parsimony accumulates But whatever industry might acquire if parsimony did not save and store up the capital would never be the greater

Parsimony by increasing the fund which is destined for the maintenance of productive

tional quantity of industry which gives an additional value to the annual produce

What is annually saved is as regularly consumed as what is annually spent and nearly

different set of people by labourers manufacturers and artificers who reproduce with a

among the former set of people By saving a part of it, as that part is for the sake of the profit immediately employed as a capital either by himself or by some other person the food clothing and lodging which may be purchased with it, are necessarily reserved for the latter The consumption is the same but the consumers are different

By what a frugal man annually saves he not only affords maintenance to an additional number of productive hands for that or the ensuing year, but, like the founder of a public workhouse he establishes as it were a perpetual fund for the maintenance of an equal number in all times to come The perpetual allotment and destination of this fund indeed is not always guarded by any positive law by any trust right or deed of mortmain It is always guarded however by a very pow

wards be employed to maintain any but productive hands without an evident loss to the person who thus perverts it from its proper destination

The prodigal perverts it in this manner By not confining his expense within his income he encroaches upon his capital Like him who perverts the revenues of some pious foundation to profane purposes he pays the wages of idleness with those funds which the frugality of his forefathers had as it were consecrated to the maintenance of industry By diminishing the funds destined for the employment of productive labour he necessarily diminishes so far as it depends upon him the quantity of that labour which adds a value to the subject upon which it is bestowed and consequently the value of the annual produce of the land and labour of the whole country the real wealth and revenue of its inhabitants If the prodigality of some was not compensated by the frugality of others the conduct of every prodigal by feeding the idle with the bread of the industrious tends not only to beggar himself but to impoverish his country

Though the expense of the prodigal should be altogether in home made and no part of it in foreign commodities its effect upon the productive funds of the society would still be the same Every year there would still be a certain quantity of food and clothing which ought to have maintained productive em

ployed in maintaining unproductive hands Every year therefore there would still be some diminution in what would otherwise have been the value of the annual produce of the land and labour of the country

This expense it may be said indeed not being in foreign goods and not occasioning

sole use of money is to circulate consumable goods By means of it provisions materials and finished work are bought and sold and distributed to their proper consumers The quantity of money therefore which can be annually employed in any country must be determined by the value of the consumable goods annually circulated within it These

therefore must diminish as the value of that produce diminishes and along with it the quantity of money which can be employed

be allowed to lie idle The interest of whoever possesses it requires that it should be employed But having no employment at home it will in spite of all laws and prohi

had been saved from that annual produce and

will

port

port

not

and

the misery of that declension

The quantity of money on the contrary must in every country naturally increase as the value of the annual produce increases The value of the consumable goods annually circulated within the society being greater will require a greater quantity of money to

ver are purchased everywhere in the same manner The food clothing and lodging the

The country which has this price to pay will never be long without the quantity of those metals which it has occasion for and no country will ever long retain a quantity which it has no occasion for

Whatever therefore we may imagine the real wealth and revenue of a country to consist in whether in the value of the annual

benefactor

The effects of misconduct are often the same as those of prodigality Every injudicious and unsuccessful project in agriculture mines fisheries trade or manufactures tends in the same manner to diminish the funds destined for the maintenance of productive labour In every such project though the capital is consumed by productive hands only yet as by the injudicious manner in which they are employed they do not reproduce the *full value of their consumption there must* always be some diminution in what would otherwise have been the productive funds of the society

of others

go into the grave In the whole interval which separates those two moments there is scarce perhaps a single instant in which any man is so perfectly and completely satisfied with his situation as to be without any wish of alteration or improvement of any kind An augmentation of fortune is the means by which the greater part of men propose and wish to better their condition It is the means the most vulgar and the most obvious, and the most likely way of augmenting their fortune is to save and accumulate some part of what they acquire either regularly and annually or upon some extraordinary occasions Though the principle of expense therefore prevails in almost all men upon some occasions and in some men upon almost all occasions yet in the greater part of men taking the whole course of their life at an average the principle of frugality seems not only to predominate but to predominate very greatly

With regard to misconduct the number of prudent and successful undertakings is every where much greater than that of injudicious and unsuccessful ones After all our complaints of the frequency of bankruptcies the unhappy men who fall into this misfortune make but a very small part of the whole number engaged in trade and all other sorts of business not much more perhaps than one in a thousand Bankruptcy is perhaps the greatest and most humiliating calamity which can befall an innocent man The greater part of men therefore are sufficiently careful to avoid it Some indeed do not avoid it as some do not avoid the gallows

Great nations are never impoverished by private though they sometimes are by public prodigality and misconduct The whole or almost the whole public revenue is in most countries employed in maintaining unproduc[illegible] hands Such are the people who compose [illegible] a great eccle[illegible]ies who [illegible] and in time of war acquire not [illegible] can compensate the expense of maintaining them even while the war lasts Such people as they themselves produce nothing are all maintained by the produce of other men s labour When multiplied therefore to an unnecessary number they may in a particular year consume so great a share of this produce as not to leave a sufficiency for maintaining the productive labourers who should reproduce it next year The next year s produce therefore will be less than that of the foregoing and if the same disorder should continue that of the third year will be still less than that of the second Those unproductive hands, who should be maintained by a part only of the spare revenue of the people, may consume so great a share of their whole revenue and thereby oblige so great a number to encroach upon their capitals, upon the funds destined for the maintenance of productive labour that all the frugality and good conduct of individuals may not be able to compensate the waste and degradation of produce occasioned by this violent and forced encroachment

This frugality and good conduct, however is upon most occasions, it appears from experience sufficient to compensate not only the private prodigality and misconduct of individuals but the public extravagance of government The uniform constant, and uninterrupted effort of every man to better his condition the principle from which public and national as well as private opulence is originally derived is frequently powerful enough to maintain the natural progress of things towards improvement in spite both of the extravagance of government and of the greatest errors of administration Like the unknown principle of animal life, it frequently restores health and vigour to the constitution in spite not only of the disease but of the absurd prescriptions of the doctor

The annual produce of the land and labour of any nation can be increased in its value by no other means but by increasing either the number of its productive labourers or the productive powers of those labourers who had before been employed The number of its productive labourers it is evident can never be much increased but in consequence of an increase of capital or of the funds destined for maintaining them The productive powers of the same number of labourers cannot be increased but in consequence either of some addition and improvement to those machines and instruments which facilitate and abridge labour or of a more proper division and distribution of employment In either case an additional capital is almost always required It is by means of an additional capital only that the undertaker of any work can either provide his workmen with better machinery or make a more proper distribution of employment among them When the work to be done consists of a number of parts to keep every man constantly employed in one way requires a much greater capital than where every man is occasionally employed in every different part of the work When we compare therefore the state of a nation at two different periods and find that the annual produce of its land and labour is evidently greater at the latter than at the former that its lands are better cultivated its manufactures more numerous and more flourishing and its trade more extensive we may be assured that its capital must have

increased during the interval between those two periods and that more must have been added to it by the good conduct of some than had been taken from it either by the private misconduct of others or by the public extravagance of government But we shall find this to have been the case of almost all nations in all tolerably quiet and peaceable times even of those who have not enjoyed the most prudent and parsimonious governments To form a right judgment of it indeed we must compare the state of the country at periods somewhat distant from one another The progress is frequently so gradual that at near periods the improvement is not only not sensible but from the declension either of certain branches of industry, or of

try of the whole are decaying

The annual produce of the land and labour of England for example is certainly much greater than it was a little more than a century ago at the restoration of Charles II Though at present few people I believe doubt of this yet during this period five years have seldom passed away in which some book or pamphlet has not been published written too, with such abilities as to gain some authority with the public and pretending to demonstrate that the wealth of the nation was fast declining that the country was depopulated agriculture neglected manufactures decaying and trade undone Nor have these publications been all party pamphlets the wretched offspring of falsehood and venality Many of them have been written by very candid and very intelligent people who wrote nothing but what they believed and for no other reason but because they believed it

The annual produce of the land and labour of England again was certainly much greater at the Restoration than we can suppose it

the Norman Conquest than during the confusion of the Saxon Heptarchy Even at this early period it was certainly a more improved country than at the invasion of *Julius* Cæsar when its inhabitants were nearly in the same state with the savages in North America.

In each of those periods however there was not only much private and public profusion many expensive and unnecessary wars great perversion of the annual produce from maintaining productive to maintain unproductive hands but sometimes in the confusion of civil discord such absolute waste and destruction of stock as might be supposed not only to retard as it certainly did the natural accumulation of riches but to

the total ruin of the country would have been expected from them? The fire and the plague of London the two Dutch wars the disorders of the Revolution the war in Ireland the four expensive French wars of 1688 1702 1742 and 1756 together with the two rebellions of 1715 and 1745 In the course of the four French wars the nation has contracted more than a hundred and forty five millions of debt, over and above all the other extraordinary annual expense which they occasioned so that the whole cannot be computed at less than two hundred millions So

urally have been employed in maintaining productive hands whose labour would have replaced with a profit the whole value of their consumption The value of the annual

not perhaps very easy even to imagine

But though the profusion of government must undoubtedly have retarded the natural progress of England towards wealth and improvement it has not been able to stop it The annual produce of its land and labour is undoubtedly much greater at presen it was either at the Restoration or

Revolution The capital, therefore annually employed in cultivating this land, and in maintaining this labour, must likewise be much greater In the midst of all the exactions of government this capital has been silently and gradually accumulated by the private frugality and good conduct of individuals, by their universal, continual, and uninterrupted effort to better their own condition It is this effort, protected by law and allowed by liberty to exert itself in the manner that is most advantageous which has maintained the progress of England towards opulence and improvement in almost all former times and which it is to be hoped will do so in all future times England however as it has never been blessed with a very parsimonious government so parsimony has at no time been the characteristical virtue of its inhabitants It is the highest impertinence and presumption therefore in kings and ministers to pretend to watch over the economy of private people and to restrain their expense either by sumptuary laws or by prohibiting the importation of foreign luxuries They are themselves always and without any exception the greatest spendthrifts in the society Let them look well after their own expense and they may safely trust private people with theirs If their own extravagance does not ruin the state that of their subjects never will

As frugality increases and prodigality diminishes the public capital so the conduct of those whose expense just equals their revenue without either accumulating or encroaching neither increases nor diminishes it Some modes of expense however seem to contribute more to the growth of public opulence than others

The revenue of an individual may be spent either in things which are consumed immediately and in which one day s expense can neither alleviate nor support that of another or it may be spent in things more durable which can therefore be accumulated and in which every day s expense may as he chooses either alleviate or support and heighten the effect of that of the following day A man of fortune for example may either spend his revenue in a profuse and sumptuous table and in maintaining a great number of menial servants and a multitude of dogs and horses or contenting himself with a frugal table and few attendants he may lay out the greater part of it in adorning his house or his country villa in useful or ornamental buildings in useful or ornamental furniture in collecting books statues pictures or in things more frivolous jewels baubles ingenious trinkets of different kinds or what is most trifling of all, in amassing a great wardrobe of fine clothes like the favourite and minister of a great prince who died a few years ago Were two men of equal fortune to spend their revenue the one chiefly in the one way, the other in the other, the magnificence of the person whose expense had been chiefly in durable commodities would be continually increasing every day's expense contributing something to support and heighten the effect of that of the following day that of the other, on the contrary, would be no greater at the end of the period than at the beginning The former too, would at the end of the period be the richer man of the two He would have a stock of goods of some kind or other which though it might not be worth all that it cost would always be worth something No trace or vestige of the expense of the latter would remain and the effects of ten or twenty years profusion would be as completely annihilated as if they had never existed

As the one mode of expense is more favourable than the other to the opulence of an individual so is it likewise to that of a nation The houses the furniture the clothing of the rich in a little time, become useful to the inferior and middling ranks of people They are able to purchase them when their superiors grow weary of them and the general accommodation of the whole people is thus gradually improved when this mode of expense becomes universal among men of fortune In countries which have long been rich you will frequently find the inferior ranks of people in possession both of houses and furniture perfectly good and entire but of which neither the one could have been built nor the other have been made for their use What was formerly a seat of the family of Seymour is now an inn upon the Bath road The marriage bed of James the First of Great Britain which his queen brought with her from Denmark as a present fit for a sovereign to make to a sovereign was a few years ago the ornament of an alehouse at Dunfermline In some ancient cities which either have been long stationary or have gone somewhat to decay you will sometimes scarce find a single house which could have been built for its present inhabitants If you go into those houses too you will frequently find many excellent though antiquated pieces of furniture which are still very fit for use and which could as little have been made for them Noble palaces, magnificent villas great collections of books statues pictures and other curiosities are frequently both an ornament and an honour not only to the neighbourhood but to the whole country to which they belong Versailles is an ornament and an honour to France Stowe and Wilton to England Italy still continues to command some sort of ven-

eration by the number of monuments of this kind which it possesses, though the wealth which produced them has decayed, and though the genius which planned them seems to be extinguished, perhaps from not having the same employment.

The expense too, which is laid out in durable commodities, is favourable, not only to

posed to imply some acknowledgment of preceding bad conduct Few, therefore, of those who have once been so unfortunate as to launch out too far into this sort of expense, have afterwards the courage to reform, till ruin and bankruptcy oblige them But if a person has, at any time, been at too great an expense in building, in furniture, in books or pictures, no imprudence can be inferred from his changing his conduct These are things in which further expense is frequently rendered unnecessary by former expense, and

a great deal wasted and abused But if the expense of this entertainment had been em-

lost or thrown away a single ounce of them In the one way, besides, this expense maintains productive, in the other unproductive

of dress and furniture, jewels, trinkets, gewgaws, frequently indicates, not only a trifling, but a base and selfish disposition All

CHAPTER IV

Of Stock Lent at Interest

The stock which is lent at interest is always considered as a capital by the lender

as a capital, or as a stock reserved for immediate consumption If he uses it as a capital, he employs it in the maintenance of productive labourers, who reproduce the value with a profit He can, in this case, both restore

some other source of revenue, such as the property or the rent of land

The stock which is lent at interest is, no doubt, occasionally employed in both these

for such a purpose, therefore, is in all cases,

sometimes apt to imagine Ask any rich man of common prudence to which of the two sorts of people he has lent the greater part of stock, to those who, he thinks, will emp

profitably, or to those who will spend it idly, and he will laugh at you for proposing the question Even among borrowers therefore, not the people in the world most famous for frugality, the number of the frugal and industrious surpasses considerably that of the prodigal and idle

The only people to whom stock is commonly lent without their being expected to make any very profitable use of it are country gentlemen who borrow upon mortgage Even they scarce ever borrow merely to spend What they borrow one may say is commonly spent before they borrow it They have generally consumed so great a quantity of goods advanced to them upon credit by shopkeepers and tradesmen that they find it necessary to borrow at interest in order to pay the debt The capital borrowed replaces the capitals of those shopkeepers and tradesmen which the country gentlemen could not have replaced from the rents of their estates It is not properly borrowed in order to be spent but in order to replace a capital which had been spent before

Almost all loans at interest are made in money either of paper, or of gold and silver But what the borrower really wants and what the lender really supplies him with is not the money but the money s worth or the goods which it can purchase If he wants it as a stock for immediate consumption it is those goods only which he can place in that stock If he wants it as a capital for employing industry, it is from those goods only that the industrious can be furnished with the tools materials and maintenance necessary for carrying on their work By means of the loan the lender as it were assigns to the borrower his right to a certain portion of the annual produce of the land and labour of the country to be employed as the borrower pleases

The quantity of stock therefore or as it is commonly expressed of money which can be lent at interest in any country is not regulated by the value of the money whether paper or coin which serves as the instrument of the different loans made in that country but by the value of that part of the annual produce which as soon as it comes either from the ground or from the hands of the productive labourers is destined not only for replacing a capital but such a capital as the owner does not care to be at the trouble of employing himself As such capitals are commonly lent out and paid back in money they constitute what is called the monied interest It is distinct, not only from the landed but from the trading and manufacturing interests as in these last the owners themselves employ their own capitals Even in the monied interest, however, the money is, as it were but the deed of assignment, which conveys from one hand to another those capitals which the owners do not care to employ themselves Those capitals may be greater in almost any proportion than the amount of the money which serves as the instrument of their conveyance the same pieces of money successively serving for many different loans as well as for many different purchases A for example lends to W a thousand pounds, with which W immediately purchases of B a thousand pounds worth of goods B having no occasion for the money himself, lends the identical pieces to X with which X immediately purchases of C another thousand pounds' worth of goods C in the same manner and for the same reason lends them to Y who again purchases goods with them of D In this manner the same pieces either of coin or paper may in the course of a few days serve as the instrument of three different loans, and of three different purchases each of which is in value equal to the whole amount of those pieces What the three monied men A B and C assign to the three borrowers, W, X Y, is the power of making those purchases In this power consist both the value and the use of the loans The stock lent by the three monied men is equal to the value of the goods which can b[e] purchased with it and is three times greate[r] than that of the money with which the pur[-] chases are made Those loans however ma[y] be all perfectly well secured the goods pur[-] chased by the different debtors being so em[-] ployed as in due time to bring back with [a] profit an equal value either of coin or [of] paper And as the same pieces of money ca[n] thus serve as the instrument of different loa[ns] to three or for the same reason to thi[rty] times their value so they may likewise succe[s-] sively serve as the instrument of repaymen[t]

A capital lent at interest may in this ma[n-] ner be considered as an assignment from t[he] lender to the borrowers of a certain consid[er-] able portion of the annual produce, upon co[n-] dition that the borrower in return shall, d[ur-] ing the continuance of the loan annua[lly] assign to the lender a smaller portion, cal[led] the interest and at the end of it a port[ion] equally considerable with that which had o[rigi-] nally been assigned to him called the [re-] payment Though money either coin or pa[per] serves generally as the deed of assignm[ent] both to the smaller and to the more consi[der-] able portion, it is itself altogether diffe[rent] from what is assigned by it

In proportion as that share of the an[nual] produce which as soon as it comes e[ither] from the ground or from the hands of [the] productive labourers is destined for repla[cing]

a capital, increases in any country, what is called the *monied interest* naturally increases [illegible] cap- ive a [illegible] em- [illegible] com- panies the general increase of capitals, or, in other words, as stock increases, the quantity of stock to be lent at interest grows gradually greater and greater

As the quantity of stock to be lent at interest increases, the interest, or the price [illegible] of that stock,

[illegible] me [illegible] pro- [illegible] nds [illegible] ows [illegible] rers easily find employment, but the owners of capitals find it difficult to get labourers to employ Their competition raises the wages of labour and sinks the profits of stock But when the profits which can be made by the [illegible] minished

[illegible] them

Mr Locke, Mr Law, and Mr Montesquieu, as well as many other writers, seem to have imagined that the increase of the quantity of gold and silver, in consequence of the discovery of the Spanish West Indies was the real cause of the lowering of the rate of interest through the greater part of Europe Those metals, they say, having become of less value themselves, the use of any particular portion of them necessarily became of less value too, and consequently the price which could be paid for it This notion which at first sight

serve to explain more distinctly the fallacy

[illegible] ferent countries sunk to six, five, four, and three per cent Let us suppose that in every particular country the value of silver has sunk precisely in the same proportion as the rate of interest, and that in those countries, for ex- [illegible]

[illegible] hundred pounds are in those countries now of no more value than fifty pounds were then, ten pounds must now be of no more value than five pounds were then Whatever were the causes which lowered the value of the *capital, the same must necessarily have low*ered that of the interest, and exactly in the same proportion The proportion between the value of the capital and that of the interest must have remained the same, though the [illegible]

were then, five pounds now can be worth no more than two pounds ten shillings were then By reducing the rate of interest therefore, from ten to five per cent we give for the use of a capital, which is supposed to be equal to one half of its former value, an interest which is equal to one fourth only of the value of the former interest

[illegible] cisely the same [illegible] changed for a greater number of pieces of silver, but the quantity of labour which they could command the number of people whom they could maintain and employ would be [illegible]

[illegible] ances of a verbose attorney, would be cumbersome, but the thing assigned w

be precisely the same as before, and could produce only the same effects The funds for maintaining productive labour being the same the demand for it would be the same Its price or wages therefore though nominally greater would really be the same They would be paid in a greater number of pieces of silver but they would purchase only the same quantity of goods The profits of stock would be the same both nominally and really The wages of labour are commonly computed by the quantity of silver which is paid to the labourer When that is increased therefore his wages appear to be increased though they may sometimes be no greater than before But the profits of stock are not computed by the number of pieces of silver with which they are paid but by the proportion which those pieces bear to the whole capital employed Thus in a particular country five shillings a week are said to be the common wages of labour and ten per cent the common profits of stock But the whole capital of the country being the same as before the competition between the different capitals of individuals into which it was divided would likewise be the same They would all trade with the same advantages and disadvantages The common proportion between capital and profit therefore would be the same and consequently the common interest of money what can commonly be given for the use of money being necessarily regulated by what can commonly be made by the use of it

Any increase in the quantity of commodities annually circulated within the country while that of the money which circulated them remained the same would on the contrary produce many other important effects besides that of raising the value of the money The capital of the country though it might nominally be the same would really be augmented It might continue to be expressed by the same quantity of money but it would command a greater quantity of labour The quantity of productive labour which it could maintain and employ would be increased and consequently the demand for that labour Its wages would naturally rise with the demand and yet might appear to sink They might be paid with a smaller quantity of money but that smaller quantity might purchase a greater quantity of goods than a greater had done before The profits of stock would be diminished both really and in appearance The whole capital of the country being augmented the competition between the different capitals of which it was composed would naturally be augmented along with it The owners of those particular capitals would be obliged to content themselves with a smaller proportion of the produce of that labour which their respective capitals employed The interest of money keeping pace always with the profits of stock, might, in this manner be greatly diminished though the value of money or the quantity of goods which any particular sum could purchase was greatly augmented

In some countries the interest of money has been prohibited by law But as something can everywhere be made by the use of money something ought everywhere to be paid for the use of it This regulation instead of preventing has been found from experience to increase the evil of usury the debtor being obliged to pay, not only for the use of the money, but for the risk which his creditor runs by accepting a compensation for that use He is obliged if one may say so to insure his creditor from the penalties of usury

In countries where interest is permitted the law in order to prevent the extortion of usury generally fixes the highest rate which can be taken without incurring a penalty This rate ought always to be somewhat above the lowest market price or the price which is commonly paid for the use of money by those who can give the most undoubted security If this legal rate should be fixed below the lowest market rate the effects of this fixation must be nearly the same as those of a total prohibition of interest The creditor will not lend his money for less than the use of it is worth and the debtor must pay him for the risk which he runs by accepting the full value of that use If it is fixed precisely at the lowest market price it ruins with honest people who respect the laws of their country the credit of all those who cannot give the very best security and obliges them to have recourse to exorbitant usurers In a country such as Great Britain where money is lent to government at three per cent and to private people upon a good security at four and four and a half the present legal rate five per cent is perhaps as proper as any

The legal rate it is to be observed though it ought to be somewhat above ought not to be much above the lowest market rate If the legal rate of interest in Great Britain for example was fixed so high as eight or ten per cent the greater part of the money which was to be lent would be lent to prodigals and projectors, who alone would be willing to give this high interest Sober people who will give for the use of money no more than a part of what they are likely to make by the use of it would not venture into the competition A great part of the capital of the country would thus be kept out of the hands which were most likely to make a profitable and advantageous use of it and thrown into those which were most likely to waste and destroy it Where the legal rate of interest on the con

trary, is fixed but a very little above the lowest market rate, sober people are universally preferred, as borrowers, to prodigals and projectors The person who lends money gets nearly as much interest from the former as he dares to take from the latter, and his money is much safer in the hands of the one set of people than in those of the other A great part of the capital of the country is thus thrown into the hands in which it is most likely to be employed with advantage

No law can reduce the common rate of interest below the lowest ordinary market rate at the time when that law is made Notwithstanding the edict of 1766, by which the French king attempted to reduce the rate of interest from five to four per cent, money con-

should buy land with it or lend it out at in-

soon reduce its ordinary price On the contrary, if the advantages should much more than compensate the difference everybody would buy land, which again would soon raise its ordinary price When interest was at ten per cent, land was commonly sold for ten and twelve years' purchase As interest sunk to

years' purchase

CHAPTER V

Of the Different Employment of Capitals

Though all capitals are destined for the maintenance of productive labour only, yet

that employment adds to the annual produce of the land and labour of the country

A capital may be employed in four different

abound to those where they are wanted or, lastly, in dividing particular portions of either into such small parcels as suit the occasional demands of those who want them In the first way are employed the capitals of all those who undertake the improvement or cultivation of

some one or other of those four

Each of these four methods of employing a capital is essentially necessary either to the existence or extension of the other three, or to the general conveniency of the society

Unless a capital was employed in furnishing rude produce to a certain degree of abundance, neither manufactures nor trade of any kind could exist

Unless a capital was employed in manu-

spontaneously, it would be of no value in exchange, and could add nothing to the wealth of the society

Unless a capital was employed in transporting either the rude or manufactured produce from the places where it abounds to those

one place for that of another and thus encourages the industry and increases the enjoyments of both

Unless a capital was employed in breaking and dividing certain portions either of the rude or manufactured produce into such small parcels as suit the occasional demands of those

example, every man would be obliged to purchase a whole ox or a whole sheep at a time This would generally be inconvenient to the rich, and much more so to the poor If

workman was obliged to purchase a month's

mediate consumption and which yields him no revenue Nothing can be more convenient for such a person than to be able to purchase his subsistence from day to day or even from hour to hour as he wants it He is thereby enabled to employ almost his whole stock as a capital He is thus enabled to furnish work to a greater value and the profit which he

shopkeepers and tradesmen are altogether without foundation So far is it from being necessary either to tax them or to restrict their numbers that they can never be multiplied so as to hurt the public though they may so as to hurt one another The quantity of grocery goods for example which can be sold in a particular town is limited by the demand of that town and its neighbourhood The capital therefore which can be employed in the *grocery trade cannot exceed what is sufficient* to purchase that quantity If this capital is divided between two different grocers their competition will tend to make both of them sell cheaper than if it were in the hands of

ruin some of themselves but to take care of this is the business of the parties concerned and it may safely be trusted to their discretion It can never hurt either the consumer or the producer on the contrary it must tend to make the retailers both sell cheaper and buy dearer than if the whole trade was monopolized by one or two persons Some of them perhaps may sometimes decoy a weak customer to buy what he has no occasion for

among the common people but that disposi

or vendible commodity upon which it is bestowed and generally adds to its price the value at least of their own maintenance and consumption The profits of the farmer of the manufacturer of the merchant and retailer are all drawn from the price of the goods which the two first produce and the two last buy and sell Equal capitals however employed in each of those four different ways will immediately put into motion very different quantities of productive labour and augment too in very different proportions the value of the annual produce of the land and labour of the society to which they belong

The capital of the retailer replaces, together with its profits that of the merchant of whom he purchases goods and thereby enables him to continue his business The retailer himself is the only productive labourer whom it immediately employs In his profits consists the whole value which its employment *adds to* the annual produce of the land and labour of the society

The capital of the wholesale merchant replaces together with their profits the capitals of the farmers and manufacturers of whom he purchases the rude and manufactured produce which he deals in and thereby enables them to continue their respective trades It is by *this service chiefly that he contributes* indirectly to support the productive labour of the society and to increase the value of its annual produce His capital employs, too the sailors and carriers who transport his goods from one place to another and it augments the price of those goods by the value not only of his profits but of their wages This is all the productive labour which it immediately puts into motion and all the value which it immediately adds to the annual produce Its operation in both these respects is a good deal superior to that of the capital of the retailer

Part of the capital of the master manufac-

ting capital is employed in purchasing materials and replaces with their profits the capitals of the farmers and miners of whom he purchases them But a great part of it is always either annually or in a much shorter period distributed among the different workmen whom he employs It augments the value of those materials by their wages and by their masters' profits upon the whole stock of wages materials and instruments of trade employed in the business It puts immediately into motion therefore a much greater quantity of productive labour and adds a much greater value to the annual produce of the land and labour of the society than an equal

capital in the hands of any wholesale merchant

production of the ... with briars and bram- ... yard or corn field ... re- quently regulate more than they animate the active fertility of nature, and after all their labour, a great part of the work always remains to be done by her. The labourers and ...

its owners' profits, ...

... ductive labour than any equal capital employed in manufactures, but in proportion, too, to the quantity of productive labour ...

and in the retail trade of any society ... ways reside within that society. Their employment is confined almost to a precise spot, to the farm and to the shop of the retailer. They must generally, too, though there are some exceptions to this, belong to resident members of the society.

The capital of a wholesale merchant, on the contrary, seems to have no fixed or necessary residence anywhere, but may wander about from place to place, according as it can either buy cheap or sell dear.

The capital of the manufacturer must no doubt reside where the manufacture is car- ...

complete manufacture is consumed. Lyons is very distant both from the places which afford the materials of its manufactures, and from those which consume them. The people of fashion in Sicily are clothed in silks made in ...

tance. If he is a foreigner, the number of their productive labourers is necessarily less than ...

whom he employs may still belong ... country or to their coun- ...

It is of more consequence that the capital of the manufacturer should reside within the country. It necessarily puts into motion a greater quantity of productive labour, and adds a greater value to the annual produce of the land and labour of the society. It may, ...

exchanged for something which is in demand there, would be of no value and would soon cease to be produced The merchants who export it replace the capitals of the people who produce it and thereby encourage them to continue the production and the British manufacturers replace the capitals of those merchants

A particular country, in the same manner as a particular person, may frequently not have capital sufficient both to improve and cultivate all its lands to manufacture and prepare their whole rude produce for immediate use and consumption and to transport the surplus part either of the rude or manufactured produce to those distant markets [illegible]

the southern counties of Scotland is a great part of it after a long land carriage through very bad roads manufactured in Yorkshire, [illegible]

kets where there is demand and consumption for it If there are any merchants among them they are properly only the agents of wealthier merchants who reside in some of the greater commercial cities

When the capital of any country is not sufficient for all those three purposes in proportion as a greater share of it is employed in agriculture the greater will be the quantity of productive labour which it puts into motion within the country as will likewise be the value which its employment adds to the annual produce of the land and labour of the society After agriculture the capital employed in manufactures puts into motion the greatest quantity of productive labour and [illegible]

ital to do all the three is certainly not the shortest way for a society no more than it [illegible]

dividual by their continually accumulating and adding to it whatever they save out of their revenue It is likely to increase the fastest, therefore when it is employed in the way that affords the greatest revenue to all the [illegible]

progress of our American colonies towards [illegible]

The greater part both of the exportation and coasting trade of America is carried on by [illegible]

carried on by the capitals of those who are not resident members of it Were the Americans, either by combination or by any other sort of violence to stop the importation of European manufactures and by thus giving a monopoly to such of their own countrymen as could manufacture the like goods divert any considerable part of their capital into this employment they would retard instead of accelerating the further increase in the value of their annual produce and would obstruct instead of promoting the progress of their country towards real wealth and greatness This would be still more the case were they to attempt in the same manner, to monopolize to themselves their whole exportation trade

The course of human prosperity indeed seems scarce ever to have been of so long continuance as to enable any great country to acquire capital sufficient for *all those three* purposes unless perhaps we give credit to the [illegible]

all accounts that ever were in the world [illegible] chiefly renowned for their superiority in agriculture and manufactures They do not appear [illegible] rade *The* [illegible] us antip- [illegible] ly of the [illegible] ians and [illegible] n foreign commerce The greater part of the surplus

gold and silver

It is thus that the same capital will in any country put into motion a greater or smaller quantity of productive labour and add a greater or smaller value to the annual produce of its land and labour according to the different proportions in which it is employed in agriculture manufactures and wholesale trade The difference too is very great according *to the different* sorts of *wholesale trade* in which any part of it is employed

All wholesale trade all buying in order to sell again by wholesale may be reduced to three different sorts The home trade the

merce of foreign countries or in carrying the surplus produce of one to another

The capital which is employed in purchasing in one part of the country in order to sell in another the produce of the industry of that country generally replaces by every such operation two distinct capitals that had both been employed in the agriculture or manufactures of that country and thereby enables them to continue that employment When it sends out from the residence of the merchant a certain value of commodities it *generally brings back in return at least an* equal value of other commodities When both are the produce of domestic industry it necessarily replaces by every such operation two distinct capitals which had both been employed in supporting productive labour and thereby enables them to continue that sup-

ployed in the agriculture or manufactures of Great Britain

The capital employed in purchasing foreign goods for home consumption when this purchase is made with the produce of domestic industry replaces too by every such operation two distinct capitals but one of them only is employed in supporting domestic industry The capital which sends British goods to Portugal and brings back Portuguese goods to Great Britain replaces by every such op-

eration only one British capital The other is a Portuguese one Though the returns there fore of the foreign trade of consumption

But the returns of the foreign trade of consumption are very seldom so quick as those of the home trade The returns of the home

or three years A capital therefore employed in the home trade will sometimes make twelve operations or be sent out and returned twelve times before a capital employed in the foreign trade of consumption has made one If the capitals are equal therefore the one will give four and twenty times more encouragement and support to the industry of the country than the other

The foreign goods for home consumption may sometimes be purchased not with the

fore of a capital employed in such a round about foreign trade of consumption are in every respect the same as those of one employed in the most direct trade of the same kind except that the final returns are likely

had been purchased with

can

ng a

the

not

with British manufactures but with the sugar and rum of Jamaica which had been pur

ported by the second in order to export them again each merchant indeed will in this case receive the returns of his own capital

quickly, but the final returns of the whole capital employed in the trade will be just as slow as ever Whether the whole capital employed in such a round about trade belong to one merchant or to three can make no difference with regard to the country, though it may with regard to the particular merchants Three times a greater capital must in both cases be employed in order to exchange a certain value of British manufactures for a certain quantity of flax and hemp than would have been necessary had the manufactures and the flax and hemp been directly exchanged for one another The whole capital employed therefore in such a round about foreign trade of consumption will generally give less encouragement and support to the productive labour of the country than an equal capital employed in a more direct trade of the same kind

Whatever be the foreign commodity with which the foreign goods for home consumption are purchased it can occasion no essential difference either in the nature of the trade or in the encouragement and support which it can give to the productive labour of the country from which it is carried on If they are purchased with the gold of Brazil for example or with the silver of Peru this gold and silver like the tobacco of Virginia must have been purchased with something that either was the produce of the industry of the country or that had been purchased with something else that was so So far therefore

foreign trade of consumption and will replace just as fast or just as slow the capital which is immediately employed in supporting that productive labour It seems even to have one advantage over any other equally round about foreign trade The transportation of those metals from one place to another on account of their small bulk and great value is less expensive than that of almost any other foreign goods of equal value Their freight is much less and their insurance not greater and no goods besides are less liable to suffer by the carriage An equal quantity of foreign goods therefore may frequently be purchased with a smaller quantity of the produce of domestic industry by the intervention of

tation of those metals a trade of this kind is likely to impoverish the country from which it is carried on in any other way, I shall have occasion to examine at great length hereafter

That part of the capital of any country which is employed in the carrying trade is altogether withdrawn from supporting the productive labour of that particular country to support that of some foreign countries Though it may replace by every operation two distinct capitals yet neither of them belongs to that particular country The capital

whole addition which this trade necessarily makes to the annual produce of the land and labour of that country When indeed the carrying trade of any particular country is carried on with the ships and sailors of that country, that part of the capital employed in it which pays the freight is distributed among and puts into motion a certain number of productive labourers of that country Almost all nations that have had any considerable share of the carrying trade have in fact, carried it on in this manner The trade itself has probably derived its name from it the people

Dutch but in British bottoms It may be presumed that he actually does so upon some particular occasions It is upon this account however that the carrying trade has been supposed peculiarly advantageous to such a country as Great Britain of which the defence and security depend upon the number of its sailors and shipping But the same capital may employ as many sailors and shipping either in the foreign trade of consumption or even in the home trade when carried on by coasting vessel as it could in the carrying trade The number of sailors and shipping which any particular capital can employ does

two circumstances The coal trade from Newcastle to London for example employs more shipping than all the carrying trade of England though the ports are at no great dis-

tance To force therefore by extraordinary encouragements a larger share of the capital of any country into the carrying trade than what would naturally go to it will not always necessarily increase the shipping of that country

The capital therefore employed in the home trade of any country will generally give encouragement and support to a greater quantity of productive labour in that country and increase the value of its annual produce more

riches and so far as power depends upon riches the power of every country must always be in proportion to the value of its annual produce the fund from which all taxes must ultimately be paid But the great object of the political economy of every country is to increase the riches and power of that country It ought therefore to give no preference nor superior encouragement to the foreign trade of consumption above the home trade nor to the carrying trade above either of the other two It ought neither to force nor to allure into either of those two channels a greater share of the capital of the country than what would naturally flow into them of its own accord

When the produce of any particular branch of industry exceeds what the demand of the country requires the surplus must be sent abroad and exchanged for something for which there is a demand at home Without such exportation a part of the productive la

surplus part of them therefore must be sent abroad and exchanged *for something for* which there is a demand at home It is only by means of such exportation that this surplus can acquire a value sufficient to compensate the labour and expense of producing it The neighbourhood of the sea coast and the banks of all navigable rivers are advantageous situations for industry only because they facilitate the exportation and exchange of such surplus produce for something else which is more in demand there

When the foreign goods which are thus purchased with the surplus produce of domestic industry exceed the demand of the home market the surplus part of them must be sent abroad again and exchanged for something more in demand at home About ninety six thousand hogsheads of tobacco are annually purchased in Virginia and Maryland with a part of the surplus produce of British industry But the demand of Great Britain does not require perhaps more than fourteen thousand If the remaining eighty two thousand therefore could not be sent abroad and exchanged for something more in demand at home the importation of them must cease

goods which are part of the produce of the land and labour of Great Britain having no

casions be as necessary for supporting the productive labour of the country and the value of its annual produce as the most direct

When the capital stock of any country is in

disposed to favour it with particular encouragements seem to have mistaken the effect and symptom for the cause Holland in proportion to the extent of the land and the number of its inhabitants by far the richest

been purchased with that produce and the final returns of those trades are generally used or consumed in Great Britain The trade which is carried on in British bottoms between the different ports of the Mediterranean and some trade of the same kind carried on by British merchants between the different ports of India make perhaps the principal branches of what is properly the carrying trade of Great Britain

The extent of the home trade and of the capital which can be employed in it, is necessarily limited by the value of the surplus produce of all those distant places within the country which have occasion to exchange their respective productions with another that of the foreign trade of consumption by the value of the surplus produce of the whole country and of what can be purchased with it that of the carrying trade by the value of the surplus produce of all the different countries in the world Its possible extent therefore is in a manner infinite in comparison of that of the other two and is capable of absorbing the greatest capitals

The consideration of his own private profit is the sole motive which determines the owner of any capital to employ it either in agriculture in manufactures or in some particular branch of the wholesale or retail trade The different quantities of productive labour which it may put into motion and the different values which it may add to the annual produce of the land and labour of the society according as it is employed in one or other of the e different ways never enter into his thoughts In countries therefore where agriculture is the most profitable of all employments and farming and improving the most d rect roa ls to a splendid fortune the capitals of individuals will naturally be employed in the manner most advantageous to the whole society The profits of agriculture however seem to have no superiority over those of other employments in any part of Lurope Projectors indeed in every corner of it have within these few years amused the public with most magnificent accounts of the profits to be made by the cultivation and improve- [illegible]

the most splendid fortunes that have been acquired in the course of a single life by trade and manufacturers frequently from a very small capital sometimes from no capital A single instance of such a fortune acquired by agriculture in the same time and from such a capital has not perhaps occurred in Europe during the course of the present century In all the great countries of Europe however much good land still remains uncultivated and the greater part of what is cultivated is far from being improved to the degree of which it is capable Agriculture therefore is almost everywhere capable of absorbing a much greater capital than has ever yet been employed in it What circumstances in the policy of Europe have given the trades which are carried on in towns so great an advantage over that which is carried on in the country that private persons frequently find it more for their advantage to employ their capitals in the most distant carrying trades of Asia and America than in the improvement and cultivation of the most fertile fiel ls in their own neighbourhood I shall endeavour to explain at full length in the two following books

Book Three

OF THE DIFFERENT PROGRESS OF OPULENCE IN DIFFERENT NATIONS

CHAPTER I

Of the Natural Progress of Opulence

The great commerce of every civilised society is that carried on between the inhabitants of the town and those of the country It consists in the exchange of rude for manufactured produce, either immediately, or by the intervention of money, or of some sort of paper which represents money The country supplies the town with the means of subsistence and the materials of manufacture The town repays this supply by sending back a part of the manufactured produce to the inhabitants of the country The town in which there neither is nor can be any reproduction of substances may very properly be said to [illegible] its whole wealth and subsistence from the [illegible] however upon this [illegible] mutual and recipro[illegible] labour is in this as in all other cases [illegible]tageous to all the different persons employed in the various occupations into which it is subdivided The inhabitants of the country purchase of the town a greater quantity of manufactured goods with the produce of a much smaller quantity of their own labour than they must have employed had they attempted to prepare them themselves The town affords a market for the surplus produce of the country or what is over and above the maintenance of the cultivators and it is there that the inhabitants of the country exchange it for something else which is in demand among them The greater the number and revenue of the inhabitants of the town the more extensive is the market which it affords to those of the country and the more extensive that market it is always the more advantageous to a great number The corn which grows within a mile of the town sells there for the same price with that which comes from twenty miles distance But the price of the latter must generally not only pay the expense of raising and bringing it to market but afford too the ordinary profits of agriculture to the farmer The proprietors and cultivators of the country therefore which lies in the neighbourhood of the town over and above the ordinary profits of agriculture gain in the price of what they sell the whole value of the carriage of the like produce that is brought from more distant parts and they have besides the whole value of this carriage in the price of what they buy Compare the cultivation of the lands in the neighbourhood of any considerable town with that of those which lie at some distance from it, and you will easily satisfy yourself how much the country is benefited by the commerce of the town Among all the absurd speculations that have been propagated concerning the balance of trade, it has never been pretended that either the country loses by its commerce with the town or the town by that with the country which maintains it

As subsistence is in the nature of things prior to conveniency and luxury so the industry which procures the former must necessarily be prior to that which ministers to the latter The cultivation and improvement of the country therefore which affords subsistence must necessarily be prior to the increase of the town which furnishes only the means of conveniency and luxury It is the surplus produce of the country only or what is over and above the maintenance of the cultivators that constitutes the subsistence of the town which can therefore increase only with the increase of this surplus produce The town indeed may not always derive its whole subsistence from the country in its neighbourhood or even from the territory to which it belongs but from very distant countries and this though it forms no exception from the general rule has occasioned considerable variations in the progress of opulence in different ages and nations

That order of things which necessity imposes in general though not in every particular country is in every particular country promoted by the natural inclinations of man If human institutions had never thwarted those natural inclinations the towns could nowhere have increased beyond what the improvement and cultivation of the terr[illegible] in which they were situated could sup[illegible] such time at least, as the whole of [illegible]

tory was completely cultivated and improved Upon equal, or nearly equal profits most men will choose to employ their capitals rather in the improvement and cultivation of land than either in manufactures or in foreign trade The man who employs his capital in land has it more under his view and command and his fortune is much less liable to accidents than that of the trader, who is obliged frequently to commit it not only to the winds and the waves but to the more uncertain elements of human folly and injust[illegible] cre[illegible] [illegible] the land [illegible] which is fixed in the improvement of his land seems to be as well secured as the nature of human affairs can admit of The beauty of the country besides the pleasures of a country life the tranquillity of mind which it promises and wherever the injustice of human laws does not disturb it the independency which it really affords have charms that more or less attract everybody and as to cultivate the ground was the original destination of man so in every stage of his existence he seems to retain a predilection for this primitive employment

Without the assistance of some artificers indeed the cultivation of land cannot be carried on but with great inconveniency and continual interruption Smiths carpenters wheelwrights and ploughwrights masons and bricklayers tanners shoemakers and tailors are people whose service the farmer has frequent occasion for Such artificers too stand occasionally in need of the assistance of one another and as their residence is not like that of the farmer necessarily tied down to a precise spot they naturally settle in the neighbourhood of one another and thus form a small town or village The butcher the brewer and the baker soon join them together with many other artificers and retailers necessary or useful for supplying their occasional wants and who contribute still further to augment the town The inhabitants of the town and those of the country are mutually the servants of one another The town is a continual fair or market to which the inhabitants of the country resort in order to exchange their rude for manufactured produce It is this commerce which supplies the inhabitants of the town both with the materials of their work and the means of their subsistence The quantity of the finished work which they sell to the inhabitants of the country necessarily regulates the quantity of the materials and provisions which they buy Neither their employment nor subsistence therefore can augment but in proportion to the augmentation of the demand from the country for finished work and this demand can augment only in proportion to the extension of improvement and cultivation Had human institutions therefore never disturbed the natural course of things, the progressive wealth and increase of the towns would in every political society be consequential and in proportion to the improvement and cultivation of the territory or country

In our North American colonies where uncultivated land is still to be had upon easy terms no manufactures for distant sale have ever yet been established in any of their towns When an artificer has acquired a little more stock than is necessary for carrying on his own business in supplying the neighbouring country he does not in North America attempt to establish with it a manufacture for more distant sale but employs it in the purchase and improvement of uncultivated land From artificer he becomes planter and neither the large wages nor the easy subsistence which that country affords to artificers can bribe him rather to work for other people than for himself He feels that an artificer is the servant of his customers from whom he derives his subsistence but that a planter who cultivates his own land and derives his necessary subsistence from the labour of his own family is really a master and independent of all the world

In countries on the contrary, where there is either no uncultivated land or none that can be had upon easy terms every artificer who has acquired more stock than he can employ in the occasional jobs of the neighbourhood endeavours to prepare work for more distant sale The smith erects some sort of iron the weaver some sort of linen or woollen manufactory Those different manufactures come in process of time to be gradually subdivided and thereby improved and refined in a great variety of ways which may easily be conceived and which it is therefore unnecessary to explain any further

In seeking for employment to a capital manufactures are upon equal or nearly equal profits naturally preferred to foreign commerce for the same reason that agriculture is naturally preferred to manufactures As the capital of the landlord or farmer is more secure than that of the manufacturer so the capital of the manufacturer being at all times more within his view and command is more secure than that of the foreign merchant In every period indeed of every society the surplus part both of the rude and manufactured produce or that for which there is no demand at home must be sent abroad in order to be exchanged for something for which there is some demand at home But whether the capital which carries this surplus produce

est manner the whole of its rude produce,

ful purposes The wealth of ancient Egypt, that of China and Indostan, sufficiently demonstrate that a nation may attain a very high degree of opulence though the greater part

longed to themselves been employed in exporting their surplus produce

According to the natural course of things therefore, the greater part of the capital of every growing society is, first directed to

some sort of coarse industry of the manufacturing kind must have been carried on in those towns before they could well think of employing themselves in foreign commerce

But though this natural order of things must have taken place in some degree in

manufactures or such as were fit for distant sale and manufactures and foreign commerce together have given birth to the principal improvements of agriculture The manners and customs which the nature of their original government introduced and which remained after that government was greatly altered necessarily forced them into this unnatural and retrograde order

CHAPTER II

Of the Discouragement of Agriculture in the ancient State of Europe after the Fall of the Roman Empire

When the German and Scythian nations overran the western provinces of the Roman empire the confusions which followed so

and the country The towns were deserted and the country was left uncultivated and the western provinces of Europe, which had enjoyed a considerable degree of opulence under the Roman empire sunk into the lowest state of poverty and barbarism During the continuance of those confusions the chiefs and principal leaders of those nations acquired or usurped to themselves the greater part of the lands of those countries A great part of them was uncultivated but no part of them whether cultivated or uncultivated was left without a proprietor All of them were engrossed and the greater part by a few great proprietors

This original engrossing of uncultivated lands though a great might have been but a transitory evil They might soon have been divided again and broke into small parcels

between male and female, in the inheritance of lands than we do in the distribution of movables But when land was considered as the means not of subsistence merely but of power and protection it was thought better that it should descend undivided to one In those disorderly times every great landlord was a sort of petty prince His tenants were his subjects He was their judge and in some respects their legislator in peace and their

greatness

to expose every part of it to be oppressed and swallowed up by the incursions of its neigh

rity of the monarchy may not be weakened by division it must descend entire to one of the children To which of them so

a preference shall be given must be determined by some general rule, founded not upon the doubtful distinctions of personal merit, but upon some plain and evident difference which can admit of no dispute Among the children of the same family, there can be no indisputable difference but that of sex, and that of age The male sex is universally preferred to the female, and when all other things are equal, the elder everywhere takes place of the younger Hence the origin of the right of primogeniture, and of what is called lineal succession

Laws frequently continue in force long after the circumstances which first gave occasion to them, and which could alone render them reasonable, are no more In the present state of Europe, the proprietor of a single acre of land is as perfectly secure of his possession as the proprietor of a hundred thousand The right

turies In every other respect, nothing can be more contrary to the real interest of a nu-

tate from being carried out of the proposed line either by gift, or devise, or alienation either by the folly, or by the misfortune of any of its successive owners They were altogether unknown to the Romans Neither

garb of those ancient ones

When great landed estates were a sort of

whole lands of the country are at present supposed to be under strict entail

was sufficiently employed in defending his own territories, or in extending his jurisdiction and authority over those of his neighbours He had no leisure to attend to the cultivation and improvement of land When the establishment of law and order afforded him this leisure, he often wanted the inclination and almost always the requisite abilities If the expense of his house and person either equalled or exceeded his revenue, as it did

the improvement of his old estate ... prove land with profit, like all other commercial projects, requires an exact attention to small savings and small gains, of which a man born to a great fortune, even though naturally frugal, is very seldom capable The situation of such a person naturally disposes

furniture, are objects which from his infancy he has been accustomed to have some anxiety about The turn of mind which this habit naturally forms follows him when he

after all his improvements and ... he was to improve his whole estate in the

any
had
ll re
gdom
main
some great estates which have continued with
out interruption in the hands of the same
family since the times of feudal anarchy
Compare the present condition of those es-
tates with the possessions of the small propri
etors in their neighbourhood and you will
require no other argument to convince you
how unfavourable such extensive property is
to improvement

If little improvement was to be expected
from such great proprietors still less was to
be hoped for from those who occupied the
land under them In the ancient state of Eu
rope the occupiers of land were all tenants
at will They were all or almost all slaves
but their slavery was of a milder kind than
that known among the ancient Greeks and

therefore be sold wi
They could marry provided it was with the
consent of their master and he could not
afterwards dissolve the marriage by selling
the man and wife to different persons If he
maimed or murdered any of them he was
liable to some penalty though generally but
to a small one They were not however
capable of acquiring property Whatever they
acquired was acquired to their master and he
could take it from them at pleasure What
ever cultivation and improvement could be
carried on by means of such slaves was prop
erly carried on by their master It was at his
and the instru

the proprietor himself therefo
case occupied his own lands and cultivated
them by his own bondmen This species of
slavery still subsists in Russia Poland Hun
gary Bohemia Moravia and other parts of

But if great im
be expected from great proprietors they are
least of all to be expected when they employ
slaves for their workmen The experience of
all ages and nations I believe demonstrates
that the work done by slaves though it ap
pears to cost only their maintenance is in
the end the dearest of any A person who can
acquire no property can have no other in
terest but to eat as much and to labour as
little as possible Whatever work he does be-
yond what is sufficient to purchase his own
maintenance can be squeezed out of him by
violence only, and not by any interest of his
own In ancient Italy, how much the cultiva
tion of corn degenerated how unprofitable it
became to the master when it fell under the
management of slaves is remarked by both
In the time of Aristotle
Greece
ribed in
housand
upposed
necessary for its defence) toge th their
women and servants would require he says
a territory of boundless extent and fertility
like the plains of Babylon

dom
uch as
de his
inferiors Wherever the law and t and
the nature of the work can afford it there-
fore he will generally prefer the service of
slaves to that of freemen The planting of
sugar and tobacco can afford the expense of
slave-cultivation The raising of corn it
seems in the present times cannot In the
of which the principal prod

number cannot be very great
any considerable part of their property such
a resolution could never have been agreed
to In our sugar colonies on the contrary the
whole work is done by slaves and in our
tobacco colonies a very great part of it The
profits of a sugar plantation in any of our
West Indian colonies are generally much
greater than those of any other cultivation
that is known either in Europe or America
and the profits of a tobacco plantation
though inferior to those of sugar are superior
to those of corn as has already been observed
Both can afford the expense of slave-cultiva
tion but sugar can afford it still better than
tobacco The number of negroes accordingly
is much greater in proportion to that of whites
in our sugar than in our tobacco colonies

the slave cultivators of ancient times

tarii They have been so long
England that at present I know no English
name for them The proprietor furnished them
with the seed cattle and instruments of hus-
bandry the whole stock in short necessary
for cultivating the farm The produce was
divided equally between the proprietor and
the farmer after setting aside what was
judged necessary for keeping up the st

which was restored to the proprietor when the *farmer* either quitted, or was turned out of the farm

Land occupied by such tenants is properly cultivated at the expense of the proprietor as much as that occupied by slaves There is, however one very essential difference between them Such tenants, being freemen, are capable of acquiring property, and having a certain proportion of the produce of the land, they have a plain interest that the whole produce should be as great as possible, in order that their own proportion may be so A slave, on the contrary, who can acquire nothing but his maintenance, consults his own ease by making the land produce as little as possible over and above that maintenance It is probable that it was partly upon account of this advantage and partly upon account of the encroachments which the sovereign always jealous of the great lords gradually encouraged their villains to make upon their authority, and which seem at last to have [illegible]

part of Europe The time and manner however, in which so *important* a revolution was brought about is one of the most obscure points in modern history The Church of Rome claims great merit in it and it is certain that so early as the twelfth century Alexander III published a bull for the *general* emancipation *of slaves* It seems however to have been rather a pious exhortation than a law to which exact obedience was required from the faithful Slavery continued to take [illegible]

hand and that of the sovereign on the other A villain enfranchised and at the same time allowed to continue in possession of the land having no stock of his own could cultivate *it only* by means of what the landlord advanced *to him* and must therefore have been what the *French* called a *metayer*

It could never however be the interest [illegible]

cause the lord who laid out nothing was to get one half of whatever it produced The tithe, which is but a tenth of the produce, is found to be a very great hindrance to improvement A tax *therefore* which amounted to one half must have been an effectual bar to it It might be the interest of a *metayer* to make the land produce as much as could be brought out of it by means of the stock furnished by the *proprietor*; but it could never be his interest to mix any part of his own with it In France where five parts out of six of the whole kingdom are said to be still occupied by this *species of cultivators* the *propri*[illegible]

their landlord This species of tenants still subsists in some parts of Scotland They are called steel bow tenants Those ancient English *tenants* who are said by Chief Baron Gilbert and Doctor Blackstone to have been rather bailiffs of the landlord than farmers properly so called, were probably of the same kind

To this species of tenancy succeeded though by very slow degrees farmers properly so called who cultivated the land with their own stock *paying* a rent certain to the landlord When such farmers have a lease for a term of years they may sometimes find it for their interest to lay out part of their capital in the further *improvement* of the farm because they *may* sometimes expect to recover it, with a large profit, before the expiration of the lease The possession even of such farmers however was long extremely precarious, and still is *so in many parts* of Europe They could before the expiration of their term be legally outed of their lease by a new purchaser in England even by the fictitious action of a common recovery If they were turned out illegally by the violence of their master the *action* by which they obtained redress was extremely imperfect It did not always reinstate them in the possession of the land but gave them damages which never amounted to the real loss Even in England the country *perhaps* of Europe where the yeomanry has always been *most* respected it was not till about the 14th of Henry VII that the action of ejectment was invented by which the tenant recovers, not damages only but possession and in which his claim is not necessarily concluded by the uncertain decision of a *single assize* *This action* has been *found so effectual* a remedy that, *in* the modern practice when the landlord has occasion to sue for the possession of the land, he seldom makes use of the actions which properly belong to him as landlord the Writ of Right or the Writ of Entry but sues *in* the name of his tenant by the Writ of Ejectment In England therefore the *security* of the tenant is equal to that of the proprietor In England besides a lease for life of forty shillings a year value is a freehold and entitles the lessee to vote for a Member of Parliament and as a great part of the yeomanry have free-

holds of this kind the whole order becomes respectable to their landlords on account of the political consideration which this gives them There is I believe nowhere in Europe except in England any instance of the tenant building upon the land of which he had no lease and trusting that the honour of his landlord would take no advantage of so important an improvement Those laws and cus

against successors of every kind is so far as I know peculiar to Great Britain It was introduced into Scotland so early as 1449 by a law of James II Its beneficial influence however has been much obstructed by entails the heirs of entail being generally restrained

no leasehold gives a vote for a Member of Parliament the yeomanry are upon this account less respectable to their landlords than in England

In other parts of Europe after it was found convenient to secure tenants both against heirs and purchasers the term of their security was still limited to a very short period in France for example to nine years from

the interest of the proprietor It was for his interest they had imagined that no lease granted by any of his predecessors should

landlord

The farmers too besides paying the rent were anciently it was supposed bound to perform a great number of services to the landlord which were seldom either specified in the lease or regulated by any precise rule but by the use and wont of the manor or barony These services therefore being almost entirely arbitrary subjected the tenant to many vexations In Scotland the abolition of all services not precisely stipulated in the lease has in the course of a few years very much altered for the better the condition of the yeomanry of that country

The public services to which the yeomanry were bound were not less arbitrary than the private ones To make and maintain the high roads a servitude which still subsists I believe everywhere though with different degrees of oppression in different countries was not the only one When the king's troops when his household or his officers of any kind passed through any part of the country the yeomanry were bound to provide them with horses carriages and provisions at a price regulated by the purveyor Great Britain is I believe the only monarchy in Europe where the oppression of purveyance has been entirely abolished It still subsists in France and Germany

The public taxes to which they were sub

had not knowledge enough to foresee how much this must in the end affect their own revenue The taille as it still subsists in France may serve as an example of those ancient tallages It is a tax upon the supposed profits of the farmer which they estimate by

farmer the taille is almost equal to a prohibition of its ever being employed upon the land This tax besides is supposed to dishonour whoever is subject to it and to degrade him below not only the rank of a gentleman but that of a burgher and who-

ing employed in its improvement but drives away all other stock from it The ancient tenths and fifteenths so usual in England in former times seem so far as they affected the land to have been taxes of the same nature with the taille

Under all these discouragements little im

with his own The stock of both may improve, but that of the one with only equal good con

equal good conduct, be improved more slowly than those cultivated by the proprietor on account of the large share of the produce

rope the yeomanry are regarded as an inferior rank of people, even to the better sort of tradesmen and mechanics and in all parts of Europe to the great merchants and master manufacturers It can seldom happen there fore, that a man of any considerable stock should quit the superior in order to place *himself in an inferior station Even in the* present state of Europe therefore little stock is likely to go from any other profession to the improvement of land in the way of farm ing More does perhaps in Great Britain than *in any other country* though *even there* the great stocks which are, in some places employed in farming have generally been acquired by farming the trade perhaps in which of all others stock is commonly acquired most slowly After small proprietors however

those of England

The ancient policy of Europe was over and above all this unfavourable to the improvement and cultivation of land whether carried on by the proprietor or by the farmer first by the general prohibition of the exportation of corn without a special licence which seems to have been a very universal regulation and secondly, by the restraints which were laid

been observed in what manner the prohibi

degree such restraints upon the inland com

perhaps very easy to imagine

CHAPTER III

Of the Rise and Progress of Cities and Towns after the Fall of the Roman Empire

The inhabitants of cities and towns were after the fall of the Roman empire, not more favoured than those of the country They consisted, indeed, of a very different order of people from the first inhabitants of the ancient republics of Greece and Italy These last were composed chiefly of the proprietors of lands among whom the public territory was originally divided, and who found it convenient to build their houses in the neighbourhood of one another, and to surround them with a wall, for the sake of common

what they were before those grants The peo-

have been either altogether or very nearly in the same state of villanage with the occupiers of land in the country

They seem, indeed to have been a very poor mean set of people who used to travel about with their goods from place to place and from fair to fair like the hawkers and pedlars of the present times In all the different countries of Europe *then in the same* manner as in several of the Tartar governments of Asia at present, taxes used to be levied upon the persons and goods of travellers when they passed through certain manors when they went over certain bridges when they carried about their goods from place to place in a fair when they erected in it a booth or stall to sell them in Those different taxes were known in England by the names of passage pontage lastage and stallage Sometimes the king sometimes a great lord

who had it seems upon some occasions authority to do this would grant to particular traders to such particularly as lived in their own demesnes a general exemption from such taxes Such traders though in other respects of servile or very nearly of servile condition were upon this account called free traders They in return usually paid to their protector a sort of annual poll tax In those days protection was seldom granted without a valuable consideration and this tax might perhaps be considered as compensation for what their patrons might lose by their exemption from other taxes At first both those poll taxes and those exemptions seem to have been altogether personal and to have affected only particular individuals during either their lives or the pleasure of their protectors In the very imperfect accounts which have been published from Domesday Book of several of the towns of England mention is frequently made sometimes of the tax which particular burghers paid each of them either to the king or to some other great lord for this sort of protection and sometimes of the general amount only of all those taxes

But how servile soever may have been originally the condition of the inhabitants of the towns it appears evidently that they arrived at liberty and independency much earlier than the occupiers of land in the country That part of the king s revenue which arose from such poll taxes in any particular town used commonly to be let in farm during a term of years for a rent certain sometimes to the sheriff of the county and sometimes to other persons The burghers themselves frequently got credit enough to be admitted to farm the revenues of this sort which arose out of their own town they becoming jointly and severally answerable for the whole rent[1] To let a farm in this manner was quite agreeable to the usual economy of I believe the sovereigns of all the different countries of Europe who used frequently to let whole manors to all the tenants of those manors they becoming jointly and severally answerable for the whole rent but in return being allowed to collect it in their own way and to pay it into the king s exchequer by the hands of their own bailiff and being thus altogether freed from the insolence of the king s officers—a circumstance in those days regarded as of the greatest importance

At first the farm of the town was probably let to the burghers in the same manner as it had been to other farmers for a term of years only In process of time however it seems to have become the general practice to grant it to them in fee that is for ever reserving a rent certain never afterwards to be augmented The payment having thus become perpetual the exemptions in return for which it was made naturally became perpetual too Those exemptions, therefore ceased to be personal and could not afterwards be considered as belonging to individuals as individuals but as burghers of a particular burgh which upon this account was called a free burgh for the same reason that they had been called free burghers or free traders

Along with this grant the important privileges above mentioned that they might give away their own daughters in marriage that their children should succeed to them and that they might dispose of their own effects by will were generally bestowed upon the burghers of the town to whom it was given Whether such privileges had before been usually granted along with the freedom of trade to particular burghers as individuals I know not I reckon it not improbable that they were though I cannot produce any direct evidence of it But however this may have been the principal attributes of villanage and slavery being thus taken away from them they now at least became really free in our present sense of the word Freedom

Nor was this all They were generally at the same time erected into a commonalty or corporation with the privilege of having magistrates and a town council of their own of making bye laws for their own government of building walls for their own defence and of reducing all their inhabitants under a sort of military discipline by obliging them to watch and ward that is as anciently understood to guard and defend those walls against all attacks and surprises by night as well as by day In England they were generally exempted from suit to the hundred and county courts and all such pleas as should arise among them the pleas of the crown excepted were left to the decision of their own magistrates In other countries much greater and more extensive jurisdictions were frequently granted to them[2]

It might probably be necessary to grant to such towns as were admitted to farm their own revenues some sort of compulsive jurisdiction to oblige their own citizens to make payment In those disorderly times it might have been extremely inconvenient to have left them to seek this sort of justice from any other tribunal But it must seem extraordinary that the sovereigns of all the different countries of Europe should have exchanged in this manner for a rent certain

[1] See Brady s *Historical Treatise of Cities and Burroughs* p 3 etc

[1] See Madox *Firma Burgi* p 18 also *History of the Exchequer* ch 10 sect v p 223 first edition

[2] See Madox *Firma Burgi* See also Pfeffel in the remarkable events under Frederic II and successors of the house of Suabia.

never more to be augmented that branch of their revenue which was perhaps of all others the most likely to be improved by the natural course of tl ngs n tl

their own dominions

In order to understand this it must be re membered that in those days the sovereign of perhaps no country in Europe was able to protect, through the whole extent of his dominions the weaker part of his subjects from the oppression of the great lords Those whom the law could not protect and who were not strong enough to defend themselves, were obliged either to have recourse to the protection of some great lord and in order to obtain it to become either his slaves or vassals or to enter nto

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lea ual defence with their neigh bours they were capable of making no con temptible resistance The lords despised the burghers whom they considered not only as

The king hated and feared the lords though perhaps he might despise he had no reason either to hate or fear the burghers Mutual interest therefore disposed them to support the king and the king to

them all the means of security and independency of the barons which it was in his power to bestow Without the establishment of some regular government of this kind without some au thority to compel their inhabitants to act ac cording to some certain plan or system no voluntary league of mutual defence could either have afforded them any permanent se curity or have enabled them to give the king any considerable support By granting them the farm of their town in fee he took away from those whom he wished to have for his friends and if one may say so, for his allies all ground of jealousy and suspicion that he was ever afterwards to oppress them either by raising the farm rent of their town or by granting it to some other farmer

The princes who lived upon the worst terms with their barons seem accordingly to have been the most liberal in grants of this kind to their burghs King John of England for example, appears to have been a most munificent benefactor to his towns[1] Philip the First of France lost all authority over his barons Towards the end of his reign his son Lewis, known afterwards by the name of Lewis the Fat, consulted according to Father Daniel, with the bishops of the royal demesnes

establishing magistrates and a town council in every considerable town of his demesnes The other was to form a new militia by making the inhabitants of those towns under the com mand of their own magistrates march out upon proper occasions to the assistance of the king It is from this period according to the French antiquarians, that we are to date the institution of the magistrates and councils of cities in France It was during the un

times not to have been inferior to that of the country and as they could be more readily assembled upon any sudden occasion they frequently had the advantage in their dis putes with the neighbouring lords In coun tries such as Italy and Switzerland in which on account either of their distance from the principal seat of government of the natural strength of the co of some other

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the nobility in their neighbourhood oblig ing them to pull down their castles in the country and to live like other peaceable in habitants in the city This is the short his tory of the republic of Berne as well as of several otl

teenth century

In countries such as France or England where the authority of the sovereign though

[1] See Madox

[2] See Pfeffel

frequently very low never was destroyed altogether, the cities had no opportunity of becoming entirely independent They became however, so considerable that the sovereign could impose no tax upon them besides the stated farm rent of the town without their own consent They were therefore called upon to send deputies to the general assembly of the states of the kingdom where they might join with the clergy and the barons in granting upon urgent occasions some extraordinary aid to the king Being generally, too more favourable to his power, their deputies seem sometimes to have been employed by him as a counterbalance in those assemblies to the authority of the great lords Hence the origin of the representation of burghs in the states general of all the great monarchies in Europe

Order and good government and along with them the liberty and security of individuals were, in this manner, established in cities at a time when the occupiers of land in the country were exposed to every sort of violence But men in this defenceless state naturally content themselves with their necessary subsistence, because to acquire more might only tempt the injustice of their oppressors On the contrary when they are secure of enjoying the fruits of their industry they naturally exert it to better their condition and to acquire not only the necessaries but the conveniences and elegancies of life That industry, therefore which aims at something more than necessary subsistence was established in cities long before it was commonly practised by the occupiers of land in the country If in the hands of a poor cultivator oppressed with the servitude of villanage, some little stock should accumulate he would naturally conceal it with great care from his master to whom it would otherwise have belonged and take the first opportunity of running away to a town The law was at that time so indulgent to the inhabitants of towns and so desirous of diminishing the authority of the lords over those of the country that if he could conceal himself there from the pursuit of his lord for a year he was free for ever Whatever stock therefore, accumulated in the hands of the industrious part of the inhabitants of the country naturally took refuge in cities as the only sanctuaries in which it could be secure to the person that acquired it

The inhabitants of a city it is true must always ultimately derive their subsistence and the whole materials and means of their industry, from the country But those of a city situated near either the sea coast or the banks of a navigable river are not necessarily confined to derive them from the country in their neighbourhood They have a much wider range and may draw them from the most remote corners of the world, either in exchange for the manufactured produce of their own industry, or by performing the office of carriers between distant countries and exchanging the produce of one for that of another A city might in this manner grow up to great wealth and splendour, while not only the country in its neighbourhood, but all those to which it traded were in poverty and wretchedness Each of those countries, perhaps taken singly could afford it but a small part either of its subsistence or of its employment but all of them taken together could afford it both a great subsistence and a great employment There were, however, within the narrow circle of the commerce of those times some countries that were opulent and industrious Such was the Greek empire as long as it subsisted, and that of the Saracens during the reigns of the Abassides Such too was Egypt till it was conquered by the Turks, some part of the coast of Barbary and all those provinces of Spain which were under the government of the Moors

The cities of Italy seem to have been the first in Europe which were raised by commerce to any considerable degree of opulence Italy lay in the centre of what was at that time the improved and civilised part of the world The Crusades too though by the great waste of stock and destruction of inhabitants which they occasioned they must necessarily have retarded the progress of the greater part of Europe were extremely favourable to that of some Italian cities The great armies which marched from all parts to the conquest of the Holy Land gave extraordinary encouragement to the shipping of Venice Genoa and Pisa sometimes in transporting them thither and always in supplying them with provisions They were the commissaries if one may say so of those armies and the most destructive frenzy that ever befell the European nations was a source of opulence to those republics

The inhabitants of trading cities, by importing the improved manufactures and expensive luxuries of richer countries afforded some food to the vanity of the great proprietors who eagerly purchased them with great quantities of the rude produce of their own lands The commerce of a great part of Europe in those times accordingly consisted chiefly in the exchange of their own rude for the manufactured produce of more civilised nations Thus the wool of England used to be exchanged for the wines of France and the fine cloths of Flanders, in the same manner as the corn in Poland is at this day exchanged for the wines and brandies of France and for the silks and velvets of France and Italy

A taste for the finer and more improved *manufactures was in this manner introduced* by foreign commerce into countries where no such works were carried on But when this *taste became so general as to occasion a considerable* demand the merchants in order to save the expense of carriage, naturally en*deavoured to establish some manufactures of* the same kind in their own country Hence the origin of the first manufactures for dis*tant sale that seem to have been established* in the western provinces of Europe after the fall of the Roman empire No large country, *it must be observed* ever did or could subsist without some sort of manufactures being carried on in it and when it is said of *any such country that it has no manufactures* it must always be understood of the finer and more improved or of such as are fit for distant sale In every large country both the clothing and household furniture of the far

of the lowest rank of people a much greater proportion of foreign productions than in the former

*Those manufactures which are fit for dis*tant sale seem to have been introduced into different countries in two different ways

Sometimes they have been introduced in the manner above mentioned by the violent operation if one may say so of the stocks *of particular merchants and undertakers* who established them in imitation of some foreign manufactures of the same kind Such manu*factures therefore* are *the offspring of for* ... been ... lvets ... dur ... ban ished from thence by the tyranny of one of

workmen Such too seem to have been the manufactures of fine cloths that anciently

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generally employed upon foreign materials, be*ing imitations of foreign manufactures* When the Venetian manufacture was first established the materials were all brought from

seem not to have been common in the northern parts of Italy before the sixteenth cen*tury Those arts were not introduced into* France till the reign of Charles IX The manufactures of Flanders were carried on *chiefly with Spanish and English wool Span*ish wool was the material not of the first woollen manufacture of England but of the *first that was fit for distant sale More than* one half the materials of the Lyons manufacture is at this day foreign silk when it

such manufactures as they are generally introduced by the scheme and project of a few individuals is sometimes established in a maritime city and sometimes in an inland town according as their interest judgment or caprice happen to determine

At other times manufactures for distant sale grow up naturally, and as it were of their own accord by the gradual refinement of those household and coarser manufactures which must at all times be carried on even in the poorest and rudest countries *Such* manufactures are generally employed upon the materials which the country produces and they seem frequently to have been *first* refined and improved in such inland countries as were not indeed at a very great but at a considerable distance from the sea coast and sometimes even from all water carriage An inland country naturally fertile and easily cultivated produces a great *surplus* of provisions beyond what is necessary for maintaining the cultivators and on account of the expense of land *carriage* and inconveniency of river navigation it may frequently be difficult to send this surplus abroad Abundance therefore *renders provi*sions cheap and encourages a great number of workmen to settle in the neighbourhood who find that their industry can *there pro*cure them more of the necessaries and conveniencies of life than in other places They work up the materials of *manufacture* which the land produces and exchange their finished work or what is the same thing the *price of it for more materials and provisions* They give a new value to the surplus part of the rude produce by saving the expense of *carrying it to the water side* or to some dis

tant market and they furnish the cultivators with something in exchange for it that is either useful or agreeable to them upon easier terms than they could have obtained it before The cultivators get a better price for their surplus produce, and can purchase cheaper other conveniences which they have *occasion for They* are thus both encouraged and enabled to increase this surplus produce by a further improvement and better cultivation of the land and as the *fertility* of the land had given birth to the manufacture *so the progress of the manufacture reacts* upon the land and increases still farther its fertility The manufactures first supply the *neighbourhood and afterwards as their work* improves and refines more distant markets For though neither the rude produce nor even the coarse manufacture could without the greatest difficulty, support the expense of a considerable land carriage, the refined and improved manufacture easily may In a small bulk it frequently contains the price of a great quantity of rude produce A piece of fine cloth for example which weighs only *eighty pounds*, contains in it the price, not only of eighty pounds' weight of wool, but sometimes of several thousand weight of corn, *the maintenance of the different working* people and of their immediate employers The corn which could with difficulty have been carried abroad in its own shape is in this manner virtually exported in that of the complete manufacture and may easily be sent to the remotest corners of the world In this manner have grown up naturally and as it were of their own accord the manufactures of Leeds Halifax, Sheffield Birmingham and Wolverhampton *Such manufactures* are the offspring of agriculture In the modern history of Europe their extension and improvement have generally been posterior to those which were the offspring of foreign commerce England was noted for the manufacture of fine cloths made of Spanish wool more than a century before any of those which now flourish in the places above mentioned were fit for foreign sale The extension and improvement of these last could not take place but in consequence of the extension and improvement of agriculture the last and greatest effect of foreign commerce and of the manufactures immediately introduced by it, and which I shall now proceed to explain

CHAPTER IV

How the Commerce of the Towns Contributed to the Improvement of the Country

The increase and riches of commercial and manufacturing towns contributed to the improvement and cultivation of the countries to which they belonged in three different ways

First, by affording a great and ready market for the rude produce of the country they gave encouragement to its cultivation and further improvement This benefit was not even confined to the countries in which they were situated but extended more or less to all those with which they had any dealings To all of them they afforded a market for some part either of their rude or manufactured produce, and consequently gave some encouragement to the industry and improvement of all Their own country however on *account of its neighbourhood, necessarily* derived the greatest benefit from this market Its rude produce being charged with less carriage, the traders could pay the growers a better price for it, and yet afford it as cheap to the consumers as that of more distant countries

Secondly, the wealth acquired by the inhabitants of cities was *frequently employed* in purchasing such lands as were to be sold, of which a great part would frequently be uncultivated Merchants are commonly ambitious of becoming country gentlemen and when they do *they are generally the best of* all improvers A merchant is accustomed to employ his money chiefly in profitable projects, whereas a mere country gentleman is accustomed to employ it chiefly in expense The one often sees his money go from him and return to him again with a profit the other when once he parts with it very seldom expects to see any more of it Those different habits naturally affect their temper *and disposition in every sort of business* A merchant is commonly a bold a country gentleman a timid undertaker The one is not afraid to lay out at once a large capital upon the improvement of his land when he has a probable prospect of raising the value of it in proportion to the expense The other if he has any capital which is not always the case seldom ventures to employ it in this manner If he improves at all, it is commonly *not with a capital but with what he can save* out of his annual revenue Whoever has had the fortune to live in a mercantile town situated in an unimproved country must have frequently observed how much more spirited the operations of merchants were in this way than those of mere country gentlemen The habits, besides of *order economy and attention* to which mercantile business naturally forms a merchant render him much fitter to execute with profit and success any project of improvement

Thirdly, and lastly commerce and manufactures gradually introduced order and

superiors This though it has been the least observed is by far the most important of all their effects Mr Hume is the only writer who so far as I know, has hitherto taken notice of it

In a country which has neither foreign commerce nor any of the finer manufactures, a great proprietor having nothing for which he can exchange the greater part of the produce of his lands which is over and above the maintenance of the cultivators consumes the whole in rustic hospitality at home If this surplus produce is sufficient to maintain a hundred or a thousand men he can make use of it in no other way than by maintaining a hundred or a thousand men He is at all times therefore surrounded with a multitude of retainers and dependants who having no equivalent to give in return for their maintenance, but being fed entirely by his bounty must obey him, for the same reason that soldiers must obey the prince who pays them Before the extension of commerce and manufacture in Europe the hospitality of the rich and the great, from the sovereign down to the smallest baron exceeded everything which in the present times we can easily

floor of his hall with clean hay or rushes in the season in order that the knights and squires who could not get seats might not spoil their fine clothes when they sat down on the floor to eat their dinner The great Earl of Warwick is said to have entertained every day at his different manors thirty thousand people and though the number here may have been exaggerated it must however have been very great to admit of such exaggeration A hospitality nearly of the same kind was exercised not many years ago in many different parts of the highlands of Scotland It seems to be common in all nations to whom commerce and manufactures are little known "I have seen says Doctor Pocock an Arabian chief dine in the streets of a town where he had come to sell his cattle and invite all passengers even common beggars to sit down with him and partake of his banquet"

The occupiers of land were in every respect as dependent upon the great proprietor as his retainers Even such of them as were not in a state of villanage were tenants at will who paid a rent in no respect equivalent to the subsistence which the land afforded them A crown half a crown a sheep a lamb was

places In a country where the surplus produce of a large estate must be consumed upon the estate itself it will frequently be more convenient for the proprietor that part of it be consumed at a distance from his own house provided they who consume it are as dependent upon him as either his retainers or his menial servants He is thereby saved from the embarrassment of either too large a company or too large a family A tenant at will, who possesses land sufficient to maintain his family for little more than a quit rent is as dependent upon the proprietor as any servant or retainer whatever and must obey him with as little reserve Such a proprietor as he feeds his servants and retainers at his own house so he feeds his tenants at their houses The subsistence of both is derived from his bounty, and its continuance depends upon his good pleasure

Upon the authority which the great proprietor necessarily had in such a state of things over their tenants and retainers was founded the power of the ancient barons They necessarily became the judges in peace and the leaders in war of all who dwelt upon

the injustice of any one No other persons had sufficient authority to do this The king in particular had not In those ancient times he was little more than the greatest proprietor in his dominions, to whom for the sake

where all the inhabitants were armed and accustomed to stand by one another would have cost the king had he attempted it by

to those who were capable of administering it and for the same reason to leave the command of the country militia to those whom that militia would obey

ing troops of coining money, and even that of making bye laws for the government of their own people, were all rights possessed allodially by the great proprietors of land several centuries before even the name of the feudal law was known in Europe The authority and jurisdiction of the Saxon lords in England appear to have been as great before the Conquest as that of any of the Norman lords after it But the feudal law is not supposed to have become the common law of England till after the Conquest That the most extensive authority and jurisdictions were possessed by the great lords in France allodially long before the feudal law was introduced into that country is a matter of fact that admits of no doubt That authority and those jurisdictions all necessarily flowed from the state of property and manners just now described Without remounting to the remote antiquities of either the French or English monarchies we may find in much

any legal warrant whatever not being what was then called a lord of regality, nor even a tenant in chief but a vassal of the Duke of Argyle and without being so much as a justice of peace used notwithstanding to exercise the highest criminal jurisdiction over his own people He is said to have done so

some this authority in order to maintain the public peace That gentleman whose rent never exceeded five hundred pounds a year carried, in 1745 eight hundred of his own people into the rebellion with him

unsuitable to his rank But though this institution necessarily tended to strengthen the authority of the king and to weaken that of the great proprietors it could not do either sufficiently for establishing order and good government among the inhabitants of the country, because it could not alter sufficiently that state of property and manners from

weakness of the head After the institution

almost continually upon one another, and very frequently upon the king and the open country still continued to be a scene of violence rapine and disorder

But what all the violence of the feudal

could exchange the whole surplus produce of their lands and which they could consume *themselves without sharing it either with tenants or retainers* All for ourselves and

perhaps or for something as frivolous and useless they exchanged the maintenance or what is the same thing the price of the maintenance of a thousand men for a year and with it the whole weight and authority which it could give them The buckles however were to be all their own and no other human creature was to have any share of them whereas in the more ancient method of expense they must have shared with at least

bartered their whole power and authority

In a country where there is no foreign commerce nor any of the finer manufactures a man of ten thousand a year cannot well employ his revenue in any other way than in maintaining perhaps, a thousand families, who are all of them necessarily at his command *In the present state of Europe a man* of ten thousand a year can spend his whole revenue and he generally does so without directly maintaining twenty people or be able to command more than ten f

worth the commanding Indirectly, perhaps he maintains as great or even a greater number of people than he could have done by the ancient method of expense For though the quantity of precious productions for which he exchanges his whole revenue be very small, the number of workmen employed in collecting and preparing it must necessarily have been very great Its great price generally

tributes to the maintenance of all the workmen and their employers He generally contributes, however, but a very small proportion to that of each to very few perhaps a tenth to many not a hundredth and to some not a thousandth nor even a ten thousandth part of their whole annual maintenance

When the great proprietors of land spend their rents in maintaining their tenants and retainers each of them maintains entirely all his own tenants and all his own retainers But when they spend them in maintaining tradesmen and artificers they may all of them taken together perhaps, maintain as great, or on account of the waste which attends rustic hospitality a greater number of people than before Each of them however, taken singly contributes often but a very small share to the maintenance of any individual of this greater number Each tradesman or artificer derives his subsistence from the employment not of one but of a hundred or a thousand different customers Though in some measure obliged to them all therefore he is not absolutely dependent upon any one of them

The personal expense of the great proprietors having in this manner gradually increased it was impossible that the number of their retainers should not as gradually diminish till they were at last dismissed altogether The same cause gradually led them to

which the merchants and manufacturers soon furnished him with a method of spending

upon his own person in the same manner as he had done the rest The same cause continuing to operate, he was desirous to raise his rents above what his lands in the actual

give them time to recover with profit whatever they should lay out in the further improvement of the land The expensive vanity of the landlord made him willing to accept of this condition, and hence the origin of long leases

Even a tenant at will who pays the full value of the land is not altogether dependent upon the landlord The pecuniary advantages

long term of years he is altogether independent and his landlord must not expect from him the most trifling service beyond what is either expressly stipulated in the lease or imposed upon him by the common and known law of the country

The tenants having in this manner become independent and the retainers being dismissed the great proprietors were no longer capable of interrupting the regular execution of justice or of disturbing the peace of the country Having sold their birthright not like Esau for a mess of pottage in time of

man in a city A regular government was established in the country as well as in the city nobody having sufficient power to disturb its operations in the one any more than in the other

It does not perhaps relate to the present subject but I cannot help remarking it that very old families such as have possessed some considerable estate from father to son for many successive generations are very rare in

be all full of genealogies and there is a history written by a Tartar Khan which has been translated into several European languages and which contains scarce anything else a proof that ancient families are very common among those nations In countries where a rich man can spend his revenue in no other way than by maintaining as many people as it can maintain he is not apt to

run out, and his benevolence it seems is sel dom so violent as to attempt to maintain more than he can afford But where he can spend the greatest revenue upon his own per son he frequently has no bounds to his ex pense because he frequently has no bounds to his vanity or to his affection for his own person In commercial countries therefore riches, *in spite of the most violent regula tions of law* to prevent their dissipation, very seldom remain long in the same family Among simple nations on the contrary they frequently do without any regulations of law for among nations of shepherds such as the Tartars and Arabs, the consumable nature of their property necessarily renders all

less ridiculous acted merely from a view to their own interest and in pursuit of their own pedlar principle of turning a penny wherever a penny was to be got Neither of them had either knowledge or foresight of that great revolution which the folly of the

cities, *instead of being the effect* have been the cause and occasion of the improvement and cultivation of the country

This order however being contrary to the natural course of things is necessarily both slow and uncertain Compare the slow prog ress of those European countries of which the wealth depends very much upon their commerce and manufactures with the rapid

the number of inhabitants is not supposed to double in less than five hundred years In several of our North American colonies it is found to double in twenty or five-and twenty

regulations besides keep so much land out of the market that there are always more capitals to buy than there is land to sell so that what is sold always sells at a monopoly price The rent never pays the interest of the purchase money and is besides burdened

For the sake of the superior security indeed a man of moderate circumstances when he retires from business will sometimes choose to lay out his little capital in land A man of profession too whose revenue is derived from another source often loves to secure his savings in the same way But a young man who instead of applying to trade or to some profession should employ a capital

Such a person too though he cannot aspire at being a proprietor, will often disdain to be a farmer The small quantity of land there fore which is brought to market and the high price of what is brought thither pre vents a great number of capitals from being

the smallest as well as of the greatest capi tals and the most direct road to all the for tune and illustration which can be acquired in that country Such land indeed is in

lands have long been private property If landed estates however were divided equal ly among all the children upon the death of any proprietor who left a numerous family the estate would generally be sold So much

England on account of the natural fer tility of the soil of the great extent of the sea-coast in proportion to that of the whole

country, and of the many navigable rivers which run through it and afford the conveniency of water carriage to some of the most inland parts of it is perhaps as well fitted by nature as any large country in Europe to be the seat of foreign commerce of manufactures for distant sale and of all the improvements which these can occasion From the beginning of the reign of Elizabeth too the English legislature has been peculiarly attentive to the interests of commerce and manufactures, and in reality there is no country in Europe Holland itself not excepted of which the law is upon the whole more favourable to this sort of industry Commerce and manufactures have accordingly been continually advancing during all this period The cultivation and improvement of the country has no doubt been gradually advancing too but it seems to have followed slowly and at a distance the more rapid progress of commerce and manufactures The greater part of the country must probably have been cultivated before the reign of Elizabeth and a very great part of it still remains uncultivated and the cultivation of the far greater part much inferior to what it might be The law of England however favours agriculture not only indirectly by the protection of commerce but by several direct encouragements Except in times of scarcity the exportation of corn is not only *free but encouraged by a bounty* In times of moderate plenty the importation of foreign corn is loaded with duties that amount to a prohibition The importation of live cattle except from Ireland is prohibited at all times and it is but of late that it was permitted from thence Those who cultivate the land therefore have a monopoly against their countrymen for the two greatest and most important articles of land produce bread and butcher s meat These encouragements though at bottom perhaps as I shall endeavour to show hereafter altogether illusory sufficiently demonstrate at least the good intention of the legislature to favour agriculture But what is of much more importance than all of them the yeomanry of England are rendered as secure as independent and as respectable as law can make them No country therefore in which the right of primogeniture takes place which pays tithes and where perpetuities though contrary to the spirit of the law are admitted in some cases can give more encouragement to agriculture than England Such [illegible]

[illegible]

[illegible] and had left the yeomanry in

the same condition as in most other countries of Europe? It is now more than two hundred years since the beginning of the reign of Elizabeth a period as long as the course of human prosperity usually endures

France seems to have had a considerable share of foreign commerce near a century before England was distinguished as a commercial country The marine of France was considerable, according to the notions of the times before the expedition of Charles VIII to Naples The cultivation and improvement of France however is, upon the whole inferior to that of England The law of the country has never given the same direct encouragement to agriculture

The foreign commerce of Spain and Portugal to the other parts of Europe though chiefly carried on in foreign ships is very considerable That to their colonies is carried on in their own and is much greater on account of the great riches and extent of those colonies *But it has never introduced any considerable manufactures for distant sale into either of those countries* and the greater part of both still remains uncultivated The foreign commerce of Portugal is of older standing than that of any great country in Europe except Italy

Italy is the only great country of Europe which seems to have been cultivated and improved in every part by means of foreign *commerce and manufactures for distant sale* Before the invasion of Charles VIII Italy according to Guicciardini [illegible]

les [illegible]

of [illegible]

fert [illegible]

cou [illegible] the great number of independent states which at that time subsisted in it probably contributed not a little to this general cultivation It is not impossible too *notwithstanding this general expression* of one of the most judicious and reserved of modern historians that Italy was not at that time better cultivated than England is at present

The capital however that is acquired to any country by commerce and manufactures is all a very precarious and uncertain possession till some part of it has been secured and realized in the cultivation and improvement of its lands A merchant it has been said very properly is not necessarily the citizen of any particular country It is in a great measure indifferent to him from what place he carries on his trade and a very trifling [illegible]

[illegible] can be said to belong to any particular country till it has been spread as it

were over the face of that country either in buildings or in the lasting improvement of lands No vestige now remains of the great wealth said to have been possessed by the greater part of the Hans towns except in the obscure histories of the thirteenth and fourteenth centuries It is even uncertain where some of them were situated or to what towns in Europe the Latin names given to some of them belong But though the misfortunes of Italy in the end of the fifteenth and beginning of the sixteenth centuries greatly diminished the commerce and manufactures of the cities of Lombardy and Tuscany those countries still continue to be among the most populous and best cultivated in Europe The civil wars of Flanders and the Spanish government which succeeded them chased away the great commerce of Antwerp Ghent and Bruges But Flanders still continues to be [illegible]

but by those more violent convulsions occasioned by the depredations of hostile and barbarous nations continued for a century or two together such as those that happened for some time before and after the fall of the Roman empire in the western provinces of Europe

Book Four

OF SYSTEMS OF POLITICAL ECONOMY

INTRODUCTION

Political economy considered as a branch of the science of a statesman or legislator proposes two distinct objects first, to provide a plentiful revenue or subsistence for

explain both as fully and [illegible] as I can and shall begin with the system of commerce It is the modern system and is best understood in our own country and in our own times

CHAPTER I

Of the Principle of the Commercial, or Mercantile System

That wealth consists in money or in gold and silver is a popular notion which naturally arises from the double function of money as the instrument of commerce and as the measure of value In consequence of its being the instrument of commerce when we have money we can more readily obtain whatever else we have occasion for than by means of any other commodity The great affair we always find is to get money When that is obtained there is no difficulty in making any subsequent purchase In consequence of its being the measure of value we estimate that of all other commodities by the quantity of money which they will exchange for We say of a rich man that he is worth a great deal and of a poor man that he is worth very little money A frugal man or a man eager to be rich is said to love money and a careless, a generous or a profuse man is said to be indifferent about it To grow rich is to get money and wealth and money, in short, are, in common language, considered as in

Spaniards when they arrived upon an unknown coast used to be if there was any gold or silver to be found in the neighbourhood By the information which they received they judged whether it was worth while to make a settlement there, or if the country was worth the conquering Plano Carpino a monk sent ambassador from the King of France to one of the sons of the famous Genghis Khan

They wanted to know if the country was rich enough to be worth the conquering Among the Tartars as among all other nations of shepherds who are generally ignorant of the use of money cattle are the instruments of commerce and the measures of value Wealth therefore according to them consisted in cattle as according to the Spaniards it consisted in gold and silver Of the two the Tartar notion perhaps was the nearest to the truth

Mr Locke remarks a distinction between money and other movable goods All other movable goods he says are of so consumable a nature that the wealth which consists in them cannot be much depended on and a *nation which abounds in them one year* may without any exportation but merely their own waste and extravagance be in great want of them the next Money on the contrary is a steady friend which though it may travel about from hand to hand yet if [illegible] be kept from going out of the country [illegible]nsumed [illegible]rding to [illegible] part of the movable wea[illegible] to multiply those metals ought, he thinks upon that

account, to be the great object of its political economy

poverty of the country, they allow, would depend altogether upon the abundance or scarcity of those consumable goods But it is otherwise, they think, with countries which have connections with foreign nations, and which are obliged to carry on foreign wars, and to maintain fleets and armies in distant countries This, they say, cannot be done but by sending abroad money to pay them with, and a nation cannot send much money abroad unless it has a good deal at home Every such nation, therefore, must endeavour in time of peace to accumulate gold and silver that, when occasion requires, it may have wherewithal to carry on foreign wars

In consequence of these popular notions, all the different nations of Europe have studied, though to little purpose, every possible means of accumulating gold and silver in their respective countries Spain and Portugal, the proprietors of the principal mines

both in France and England

When those countries became commercial the merchants found this prohibition, upon many occasions, extremely inconvenient They could frequently buy more advantageously with gold and silver than with any other commodity the foreign goods which they wanted, either to import into their own, or to carry to some other foreign country They remonstrated therefore against this prohibition as hurtful to trade

of foreign goods was not thereby increased in the country, those goods might be re-exported to foreign countries and being there sold for a large profit, might bring back much more treasure than was originally sent out to purchase them Mr Mun compares this operation of foreign trade to the seed time and harvest of agriculture "If we only behold," says he, "the actions of the husbandman in the seed time, when he casteth away much

shall find the worth and plentiful increase of his action"

They represented, secondly, that this prohibition could not hinder the exportation of gold and silver, which, on account of the smallness of their bulk in proportion to their value, could easily be smuggled abroad That this exportation could only be prevented by a proper attention to, what they called, the balance of trade That when the country exported to a greater value than it imported, a balance became due to it from foreign nations, which was necessarily paid to it in gold and silver, and thereby increased the quantity of those metals in the kingdom But that when it imported to a greater value than it exported, a contrary balance became due to foreign nations, which was necessarily paid to them in the same manner, and thereby diminished that quantity That in this case to prohibit the exportation of those metals could not prevent it, but only, by making it more dangerous, render it more expensive That the exchange was thereby turned more against the country which owed the balance

was against any country the more the balance of trade became necessarily against it, the money of that country becoming necessarily of so much less value in comparison

silver in Holland that a hundred and five ounces of silver in England therefore would

Holland would be sold so much cheaper; and the Dutch goods which were sold to England so much dearer by the difference of the exchange that the one would draw so much less Dutch money to England and the other so much more English money to Holland as this difference amounted to and that the balance of trade therefore would necessarily be so much more against England and would require a greater balance of gold and silver to be exported to Holland

Those arguments were partly solid and partly sophistical They were solid so far as they asserted that the exportation of gold and silver in trade might frequently be advantageous to the country They were solid too in asserting that no prohibition could prevent their exportation when private people found any advantage in exporting them But they were sophistical in supposing that either to preserve or to augment the quantity of those metals required more the attention of government than to preserve or to augment the quantity of any other useful commodities which the freedom of trade without any such attention never fails to supply in the proper quantity They were sophistical too perhaps, in asserting that the high price of exchange necessarily increased what they called the unfavourable balance of trade or occasioned the exportation of a greater quantity of gold and silver That high price indeed was extremely disadvantageous to the merchants who had any money to pay in foreign countries They paid so much dearer for the bills which their bankers granted them upon those countries But though the risk arising from the prohibition might occasion some extraordinary expense to the bankers it would not necessarily carry any more money out of the country This expense would generally be all laid out in the country in smuggling the money out of it and could seldom occasion the exportation of a single sixpence beyond the precise sum drawn for The high price of exchange too would naturally dispose the merchants to endeavour to make their exports nearly balance their imports in order that they might have this high exchange to pay upon as small a sum as possible The high price of exchange besides must necessarily have operated as a tax in raising the price of foreign goods and thereby diminishing their consumption It would tend therefore not to increase but to diminish what they called the unfavourable balance of trade and consequently the exportation of gold and silver

Such as they were however, those arguments convinced the people to whom they were addressed They were addressed by merchants to parliaments and to the councils of princes, to nobles and to country gentlemen, by those who were supposed to understand trade to those who were conscious to themselves that they knew nothing about the matter That foreign trade enriched the country, experience demonstrated to the nobles and country gentlemen as well as to the merchants but how, or in what manner none of them well knew The merchants knew perfectly in what manner it enriched themselves. It was their business to know it But to know in what manner it enriched the country was no part of their business This subject never came into their consideration but when they had occasion to apply to their country for some change in the laws relating to foreign trade It then became necessary to say something about the beneficial effects of foreign trade and the manner in which those effects were obstructed by the laws as they then stood To the judges who were to decide the business it appeared a most satisfactory account of the matter when they were told that foreign trade brought money into the country but that the laws in question hindered it from bringing so much as it otherwise would do Those arguments therefore produced the wished for effect The prohibition of exporting gold and silver was in France and England confined to the coin of those respective countries The exportation of foreign coin and of bullion was made free In Holland and in some other places, this liberty was extended even to the coin of the country The attention of government was turned away from guarding against the exportation of gold and silver to watch over the balance of trade as the only cause which could occasion any augmentation or diminution of those metals From one fruitless care it was turned away to another care much more intricate much more embarrassing and just equally fruitless The title of Mun s book *England s Treasure in Foreign Trade* became a fundamental maxim in the political economy not of England only but of all other commercial countries The inland or home trade the most important of all the trade in which an equal capital affords the greatest revenue and creates the greatest employment to the people of the country, was considered as subsidiary only to foreign trade It neither brought money into the country it was said nor carried any out of it The country therefore could never become either richer or poorer by means of it except so far as its prosperity or decay might indirectly influence the state of foreign trade

A country that has no mines of its own must undoubtedly draw its gold and silver from foreign countries in the same manner as one that has no vineyards of its own must

draw its wines It does not seem necessary, however, that the attention of government

than has the ntry ilver They e all price com

modities are the price of those We *trust with perfect security that the freedom* of trade, without any attention of government, will *always supply us with the wine* which we have occasion for and we may *trust with equal security* that it will always supply us with all the gold and silver which we can afford to purchase or to employ, either in circulating our commodities, or in other uses

The quantity of every commodity which human industry can either purchase or pro- itself in every coun

from the places where they exceed to those where they fall short of this effectual demand If there were in England, for example, an effectual demand for an additional quantity of gold a packet boat could bring from Lis-

were an effectual demand for grain to the same value, to import it would require at five

The

exceeds the effectual

the contrary, in any particular country quantity *fell short of the effectual demand* so as to raise their price above that of the neigh-

bouring countries, the government would have

continually like that of other commodities, which are hindered by their bulk from shifting their situation when the market happens to be either over or under-stocked *with them* The price of those metals, indeed, is not altogether exempted

tury they have been constantly,

place than that of modity If the materials of manufacture are

and selling upon credit and the dealers compensating their credits with one another once a month or once a year, will supply it with less inconveniency A well regulated paper money will supply it, not only without any inconveniency, but, in some cases with some advantages Upon every account, therefore the attention of government never was so unnecessarily employed as

directed to watch over the preservation or increase of the quantity of money in any country

No complaint however is more common

plaint however of the scarcity of money is not always confined to improvident spendthrifts It is sometimes general through a

likely to have neither wherewithal to buy money nor credit to borrow it as prodigals whose expense has been di proportioned to their revenue Before their projects can be

complaints of the scarcity of money do not always prove that the usual number of gold and silver pieces are not circulating in the country but that many people want those pieces who have nothing to give for them When the profits of trade happen to be greater than ordinary overtrading becomes a general error both among great and small dealers They do not always send more money abroad than usual but they buy upon credit both at home and abroad an unusual quantity of goods which they send to some distant market in hopes that the returns will come in before the demand for payment The demand comes before the returns and they have nothing at hand with which they can either purchase money or give solid security for borrowing It is not any scarcity of gold and silver

ously to prove that wealth does not consist in money or in gold and silver but in what money purchases and is valuable only for purchasing Money no doubt makes always a part of the national capital but it has already been shown that it generally makes but a small part and always the most unprofitable part of it

tablished instrument of commerce for which

goods are upon hand too he is more liable to such demands for money as he may not be able to answer than when he has got their price in his coffers Over and above all this his profit arises more directly from selling

for goods But though a particular

with abundance of goods in his warehouse may sometimes be ruined by not being able to sell them in time a nation or country is not liable to the same accident The whole capital of a merchant frequently consists in perishable goods destined for purchasing money But it is but a very small part of the annual produce of the land and labour of a country which can ever be destined for purchasing gold and silver from their neighbours The far greater part is circulated and consumed among themselves and even of the surplus which is sent abroad the greater part is generally destined for the purchase of other foreign goods Though gold and silver, therefore could not be had in exchange for the goods destined to purchase them the nation would not be ruined It might indeed suffer some loss and inconveniency and be forced upon some of those expedients which are necessary for supplying the place of money The annual produce of its land and labour however would be the same or very nearly the same as usual because the same or very nearly the same consumable capital would be employed in

can serve many other purposes besides purchasing money but money can serve no other purpose besides purchasing goods Money therefore necessarily runs after goods but goods do not always or necessarily run after money The man who buys does not always mean to sell again but frequently to use or to consume whereas he who sells always means to buy again The one may frequently have

the other can never have

lated for ages together, to the incredible aug mentation of the real wealth of the country Nothing therefore, it is pretended can be more disadvantageous to any country than the trade which consists in the exchange of such lasting for such perishable commodities We do not however, reckon that trade disad vantageous which consists in the exchange of the hardware of England for the wines of France and yet hardware is a very durable commodity, and were it not for this continual exportation might too be accumulated for

be absurd to have more pots and pans than were necessary for cooking the victuals usually consumed there and that if the quantity of victuals were to increase the number of pots and pans would readily increase along with it a part of the increased quantity of victuals being employed in purchasing them or in maintaining an additional number of work men whose business it was to make them It should as readily occur that the quantity of

coin in every country is regulated by the value of the commodities which are to be cir culated by it increase that value and im mediately a part of it will be sent abroad to purchase, wherever it is to be had the

plate that to attempt to increase the wealth of any country either by introducing or by detaining in it an unnecessary quantity of gold and silver is as absurd as it would be to attempt to increase the good cheer of pri vate families by obliging them to keep an un necessary number of kitchen utensils As the expense of purchasing those unnecessary uten sils would diminish instead of increasing either the quantity or goodness of the family provi sions so the expense of purchasing an un necessary quantity of gold and silver must in every country as necessarily diminish the wealth which feeds clothes and lodges which maintains and employs the people Gold and silver, whether in the shape of coin or of

plate are utensils it must be remembered as much as the furniture of the kitchen Increase the use for them increase the consumable commodities which are to be circulated man aged and prepared by means of them and

than what the use requires Were they ever to be accumulated beyond this quantity their

It is not always necessary to accumulate gold and silver in order to enable a country to carry on foreign wars and to maintain fleets and armies in distant countries Fleets and armies are maintained not with gold and silver but with consumable goods The nation which from the annual produce of its do mestic industry from the annual revenue aris ing out of its lands labour and consumable stock has wherewithal to purchase those con sumable goods in distant countries can main tain foreign wars there

A nation may purchase the pay and provi

treasury of the prince

It can seldom happen that much can be spared from the circulating money of the country because in that there can seldom be much redundancy The value of goods an nually bought and sold in any country re

of foreign war By the great number of peo ple who are maintained abroad fewer are

as exchequer notes navy bills, and bank

in England is generally issued upon such oc casions and by supplying the place of circu lating gold and silver gives an opportunity of sending a greater quantity of it abroad All this however could afford but a poor re source for maintaining a foreign war of great expense and several years duration

The melting down the plate of private fam ilies has upon every occasion been found a still more insignificant one The French in the beginning of the last war did not derive so much advantage from this expedient as to compensate the loss of the fashion

The accumulated treasures of the prince have in former times afforded a much greater and more lasting resource In the present times if you except the king of Prussia to accumulate treasure seems to be no part of the policy of European princes

The funds which maintained the foreign wars of the present century the most expen sive *perhaps which history records seem to* have had little dependency upon the exporta

a as c a cu but the additional two

ica the ports of the Mediterranean in the East and West Indies The kings of Eng land had no accumulated treasure We never heard of any extraordinary quantity of plate being melted down The circulating gold and silver of the country had not been supposed to exceed eighteen millions Since the late recoinage of the gold however it is believed to have been a good deal underrated Let us suppose therefore according to the most ex aggerated computation which I remember to have either seen or heard of that gold and silver together it amounted to thirty millions

tween six at l even years S ould this be sup posed it would afford the most decisive argu ment to demonstrate how unnecessary it is for

pay for it The profits of foreign trade indeed were greater than usual during the whole war but especially towards the end of it This oc casioned what it always occasions a general overtrading in all the parts of Great Brita n

those who had that value to give for them

The enormous expense of the late war therefore must have been chiefly defrayed

for a remittance to some foreign country he *would naturally endeavour to pay* his foreign

profit arises not from the purchase but from the sale of the returns But when they are sent abroad merely to pay a debt he gets no returns and consequently no profit He nat urally t

out a w

by the

that of

cial countries a good deal of bullion a tern ly imported and exported for the purposes of foreign trade This bullion as it circulates among different commercial countries in the same manner as the national coin circulates in

changes the one between different individuals of the same, the other between those of different nations Part of this money of the great mercantile republic may have been and probably was employed in carrying on the

of the war, and be more employed in pur

which enabled us to carry on the war It is natural indeed to suppose that so great an annual expense must have been defrayed

counts, does not commonly much exceed six millions sterling which, in some years would scarce have paid four month's expense of the late war

The commodities most proper for being transported to distant countries in order to purchase there either the pay and provisions of an army, or some part of the money of the mercantile republic to be employed in purchasing them seem to be the finer and more improved manufactures such as contain a great value in a small bulk and can therefore be exported to a great distance at little expense A country whose industry produces a great annual surplus of such manufactures which are usually exported to foreign coun

the government purchasing of the merchant his bills upon foreign countries in order to purchase there the pay and provisions of an army Some part of this surplus however may still continue to bring back a return The

manufacturers during the war will have a double demand upon them and be called up-

war therefore, the greater part of manufac tures may frequently flourish greatly and,

British manufactures during the late war, and for some time after the peace may serve as an illustration of what has been just now said

No foreign war of great expense or duration could conveniently be carried on by the exportation of the rude produce of the soil

would be to send abroad a part of the necessary subsistence of the people It is otherwise with the exportation of manufactures The maintenance of the people employed in them is kept at home and only the surplus part of their work is exported Mr Hume *frequently takes notice of the inability of the* ancient kings of England to carry on without interruption any foreign war of long duration The English in those days had nothing wherewithal to purchase the pay and provisions of their armies in foreign countries but either the rude produce of the soil of which no considerable part could be spared

the employment of gold and silver Among nations to whom commerce and manufactures are little known, the sovereign, upon

dinary occasions, can seldom draw any considerable aid from his subjects for reasons which shall be explained hereafter It is in such countries therefore that he generally endeavours to accumulate a treasure as the only resource against such emergencies Independent of this necessity he is in such a situation naturally disposed to the parsimony requisite for accumulation In that simple state the expense even of a sovereign is not directed by the vanity which delights in the gaudy fi

bounty

retainer

their different children they divided their treasure too The Saxon princes and the first kings after the Conquest seem likewise to have accumulated treasures The first exploit of every new reign was commonly to seize the treasure of the preceding king as the most essential measure for securing the succession The sovereigns of improved and commercial countries are not under the same necessity of

eantry of their court becomes every day more brilliant and the expense of it not only pre

splendour but little strength and many servants but few soldiers

The importation of gold and silver is not the principal much less the sole benefit which a nation derives from its foreign trade Be

means of it the narrowness of the home market does not hinder the division of labour in any particular branch of art or manufacture from being carried to the highest perfection By opening a more extensive market for whatever part of the produce of their labour may exceed the home consumption it en

and important services foreign trade is continually occupied in performing to all the different countries between which it is carried on They all derive great benefit from it, though that in which the merchant resides generally derives the greatest, as he is generally more employed in supplying the wants,

no doubt a part of the business of foreign commerce It is however a most insignificant part of it A country which carried on foreign trade merely upon this account could scarce have occasion to freight a ship in a century

It is not by the importation of gold and silver that the discovery of America has enriched Europe By the abundance of the American mines those metals have become cheaper A service of plate can now be purchased for about a third part of the corn or a third part of the labour which it would have cost in the fifteenth century With the same annual expense of labour and commodities Europe can annually purchase about three times the quantity of plate which it could have purchased at that time But when a commodity comes to be sold for a third part of what had been its usual price not only those who purchased it before can purchase three times their former quantity but it is brought down to the level of a much greater number of purchasers perhaps to more than ten perhaps to more than twenty times the

in it even in its present state of improvement had the discovery of the American mines never been made So far Europe has no doubt gained a real conveniency though surely a very trifling one The cheapness of gold and silver renders those metals rather less fit for the purposes of money than they were before In order to make the same purchases we must load ourselves with a greater quantity of them and carry about a shilling in our pocket where a groat would have done before It

is difficult to say which is most trifling this inconveniency or the opposite conveniency Neither the one nor the other could have made any very essential change in the state of Europe The discovery of America however, certainly made a most essential one By opening a new and inexhaustible market to all the commodities of Europe, it gave occasion to new divisions of labour and improvements of art which in the narrow circle of the ancient commerce could never have taken place for want of a market to take off the greater part of their produce The productive powers of labour were improved and its produce increased in all the different countries of Europe and together with it the real revenue and wealth of the inhabitants The commodities of Europe were almost all new to America and many of those of America were new to Europe A new set of exchanges, therefore began to take place which had never been thought of before and which should naturally *have proved as advantageous to the new*, as it certainly did to the old continent The savage injustice of the Europeans rendered an event which ought to have been beneficial to all ruinous and destructive to several of those unfortunate countries

The discovery of a passage to the East Indies by the Cape of Good Hope which happened much about the same time opened perhaps a still more extensive range to foreign commerce than even that of America notwithstanding the greater distance There were but two nations in America in any respect superior to savages and these were destroyed almost as soon as discovered The rest were mere savages But the empires of China Indostan Japan as well as several others in the East Indies without having richer mines of gold or silver were in every other respect much richer better cultivated and more advanced in all arts and manufactures than either *Mexico or Peru* even though we should credit what plainly deserves no credit the exaggerated accounts of the Spanish writers concerning the ancient state of those empires But rich and civilised nations can always exchange to a much greater value with one another than with savages and barbarians Europe however has hitherto derived much less advantage from its commerce with the East Indies than from that with America The Portuguese monopolized the East India trade to themselves for about a century and it was only indirectly and through them that the other nations of Europe *could either send* out or receive any goods from that country When the Dutch in the beginning of the last century began to encroach upon them they vested their whole East India commerce in an exclusive company The I *Swedes and Danes have all followed their* example so that no great nation in Europe has ever yet had the benefit of a free commerce to the East Indies No other reason need be assigned why it has never been so advantageous as the trade to America which *between almost every nation of Europe and* its own colonies is free to all its subjects The exclusive privileges of those East India companies their great riches the great favour and protection which these have procured them from their respective governments have excited much envy *against them* This envy has frequently represented their trade as altogether pernicious on account of the great quantities of silver which it every year exports from the countries from which it is carried on The parties concerned have replied that their trade by this continual exportation of silver might indeed tend to impoverish Europe in general but not the particular country from which it was carried on because *by the exportation of a part of the returns to* other European countries it annually brought home a much greater quantity of that metal than it carried out Both the objection and the reply are founded in the popular notion which I have been just now examining It is therefore unnecessary to say anything further about either By the annual exportation of silver to the East Indies plate is probably somewhat dearer in Europe than it otherwise might have been and coined silver probably purchases a larger quantity both of labour and commodities The former of these two effects is a very small loss the latter a very small advantage both too insignificant to de*serve any part of the public attention* The trade to the East Indies, by opening a market to the commodities of Europe or what comes nearly to the same thing to the gold and silver which is purchased with those commodities must necessarily tend to increase the annual production of European commodities and consequently the real wealth and revenue of Europe That it has hitherto increased them so little is probably owing to the restraints which it everywhere labours under

I thought it necessary though at the hazard *of being tedious to examine at full length* this popular notion that wealth consists in money or in gold and silver Money in common language as I have already observed frequently signifies wealth and this ambiguity of expression has rendered this popular notion so familiar to us that even they who are convinced of its absurdity are very apt to forget their own principles and in the course of their reasonings to take it for granted as a certain and undeniable truth Some of the best English writers upon commerce set out

consists, not in its gold and silver only, but in its lands houses and consumable goods of all different kinds In the course of their reasonings, however, the lands houses and consumable goods seem to slip out of their memory, and the strain of their argument frequently supposes that all wealth consists in gold and silver, and that to multiply those metals is the great object of national industry and commerce

of foreign goods for home consumption and to increase as much as possible the exportation of the produce of domestic industry Its two great engines for enriching the country therefore were restraints upon importation and encouragements to exportation

The restraints upon importation were of two kinds

First, restraints upon the importation of such foreign goods for home consumption as could be produced at home from whatever country they were imported

Secondly restraints upon the importation

Exportation was encouraged sometimes by drawbacks sometimes by bounties sometimes by advantageous treaties of commerce with foreign states and sometimes by the establishment of colonies in distant countries

Drawbacks were given upon two different occasions When the home manufactures were subject to any duty or excise either the whole or a part of it was frequently drawn back upon their exportation and when foreign goods liable to a duty were imported in order to be exported again either the whole or a part of this duty was sometimes given back upon such exportation

Bounties were given for the encouragement either of some beginning manufactures or of such sorts of industry of other kinds as were supposed to deserve particular favour

monopoly was frequently procured for the goods and merchants of the country which established them

The two sorts of restraints upon importation above mentioned, together with these four encouragements to exportation constitute the six principal means by which the commercial system proposes to increase the quantity of gold and silver in any country by turning the balance of trade in its favour I shall consider each of them in a particular chapter, and without taking much further notice of their supposed tendency to bring

they must evidently tend either to increase or diminish the real wealth and revenue of the country

CHAPTER II

Of Restraints upon the Importation from Foreign Countries of such Goods as can be produced at Home

market is more or less secured to the domestic industry employed in producing them Thus the prohibition of importing either live cattle or salt provisions from foreign countries secures to the graziers of Great Britain the monopoly of the home market for butcher's meat The high duties upon the importation of corn which in times of moderate plenty amount to a prohibition, give a like advantage to the growers of that commodity The prohibition of the importation of foreign woollens is equally favourable to the woollen manufacturers The silk manufacture though altogether employed upon foreign materials

together or very nearly a monopoly against their countrymen The variety of goods of which the importation into Great Britain is prohibited either absolutely or under certain circumstances greatly exceeds what can easily be suspected by those who are not well acquainted with the laws of the customs

That this monopoly of the home market

so evident

The general industry of the society never can exceed what the capital of the society can employ As the number of workmen that can be kept in employment by any particular person must bear a certain proportion to his capital so the number of those that can be continually employed by all the members of a great society must bear a certain proportion

wise have gone and it is by no means certain that this artificial direction is likely to be more advantageous to the society than that into which it would have gone of its own accord

Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command It is his own advantage indeed and not that of the society which he has in view But the study of his own advantage naturally or rather necessarily leads him to prefer that employment which is most advantageous to the society

First every individual endeavours to employ his capital as near home as he can and consequently as much as he can in the support of domestic industry provided always that he can thereby obtain the ordinary or not a great deal less than the ordinary profits of stock

Thus upon equal or nearly equal profits every wholesale merchant naturally prefers the home trade to the foreign trade of con

and situation of the persons whom he trusts and if he should happen to be deceived he knows better the laws of the country from which he must seek redress In the carrying trade the capital of the merchant is as it were divided between two foreign countries and no part of it is ever necessarily brought home or placed under his own immediate view and command The capital which an Amsterdam merchant employs in carrying corn from Konigsberg to Lisbon and fruit and wine from Lisbon to Konigsberg must generally be the one half of it at Konigsberg

and the other half at Lisbon No part of it need ever come to Amsterdam The natural residence of such a merchant should either be at Konigsberg or Lisbon and it can only be some very particular circumstances which can make him prefer the residence of Amsterdam The uneasiness however which he feels at being separated so far from his capital generally determines him to bring part both of the Konigsberg goods which he destines for the market of Lisbon and of the Lisbon goods which he destines for that of Konigsberg to Amsterdam and though this necessarily subjects him to a double charge of loading and unloading as well as to the payment of some duties and customs yet for the sake of having some part of his capital always under his own view and command he willingly submits to this extraordinary charge and it is in this manner that every country which has any considerable share of the carrying trade becomes always the emporium or general market for the goods of all the different countries whose trade it carries on The

so far as he can to convert his carrying trade into a foreign trade of consumption A merchant in the same manner who is engaged in the foreign trade of consumption when he collects goods for foreign markets will always be glad upon equal or nearly equal profits to sell as great a part of them at home as he can He saves himself the risk and trouble of exportation when so far as

necessarily puts into motion a greater quantity of domestic industry and gives revenue and employment to a greater number of the inhabitants of the country than an equal capital employed in the foreign trade of consumption and one employed in the foreign trade of consumption has the same advantage over an equal capital employed in the carrying trade Upon equal or only nearly equal profits therefore every individual naturally inclines to employ his capital in the manner in which it is likely to afford the greatest support to domestic industry and to give revenue and employment to the greatest number of people of his own country

Secondly every individual who employs his capital in the support of domestic industry necessarily endeavours so to direct that industry that its produce may be of the greatest possible value

The produce of industry is what it adds to the subject or materials upon which it is employed In proportion as the value of this produce is great or small so will like wise be the profits of the employer But it is only for the sake of profit that any man employs a capital in the support of industry and he will always therefore endeavour to employ it in the support of that industry of which the produce is likely to be of the great est value or to exchange for the greatest quantity either of money or of other goods

But the annual revenue of every society is always precisely equal to the exchangeable value of the whole annual produce of its industry or rather is precisely the same thing with that exchangeable value As every in dividual therefore endeavours as much as he can both to employ his capital in the sup port of domestic industry and so to direct that industry that its produce may be of the greatest value every individual neces sarily labours to render the annual revenue of the society as great as he can He gener ally indeed neither intends to promote the public interest nor knows how much he is promoting it By preferring the support of domestic to that of foreign industry he in tends only his own security and by directing that industry in such a manner as its produce may be of the greatest value he intends only his own gain and he is in this as in many other cases led by an invisible hand to pro mote [illegible]

really intends to promote it I have never known much good done by those who affected to trade for the public good It is an affecta tion indeed not very common among mer chants and very few words need be employed in dissuading them from it

What is the species of domestic industry which his capital can employ and of which the produce is likely to be of the greatest value every individual it is evident can [illegible]

himself with a most unnecessary attention but assume an authority which could safely be trusted not only to no single person but to no council or senate whatever and which would nowhere be so dangerous as in the hands of a man who had folly and presump tion enough to fancy himself fit to exercise it

To give the monopoly of the home market to the produce of domestic industry in any particular art or manufacture is in some meas ure to direct private people in what man ner they ought to employ their capitals and must in almost all cases, be either a use less or a hurtful regulation If the produce of domestic can be brought there as cheap as that of foreign industry the regulation is evidently useless If it cannot it must gen erally be hurtful It is the maxim of every prudent master of a family never to attempt to make at home what it will cost him more to make than to buy The tailor does not at tempt to make his own shoes but buys them of the shoemaker The shoemaker does not attempt to make his own clothes but employs a tailor The farmer attempts to make neither the one nor the other but employs those different artificers All of them find it for their interest to [illegible]

thing with the price of a part of it whatever else they have occasion for

What is prudence in the conduct of every private family can scarce be folly in that of a great kingdom If a foreign country can sup ply us with a commodity cheaper than we ourselves can make it better buy it of them with some part of the produce of our own industry employed in a way in which we have some advantage The general industry of the country being always in proportion to the

the greatest advantage It is certainly not employed to the greatest advantage when it is thus directed towards an object which it can buy cheaper than it can make The value of [illegible]

countries cheaper than it can be made at home It could therefore have been pur chased with a part only of the commodities, or what is the same thing with a part only of the price of the commodities which the industry employed by an equal capital would have produced at home had it been left to follow its natural course The industry of the country therefore is thus turned away from a more to a less advantageous employment

and the exchangeable value of its annual produce instead of being increased, according to the intention of the lawgiver must necessarily be diminished by every such regulation

By means of such regulations indeed a particular manufacture may sometimes be acquired sooner than it could have been otherwise and after a certain time may be made at home as cheap or cheaper than in the for

ciety can augment only in proportion as its capital augments and its capital can augment only in proportion to what can be gradually

of its own accord had both capital and industry been left to find out their natural employments

Though for want of such regulations the society should never acquire the proposed manufacture, it would not upon that account necessarily be the poorer in any one period of its duration In every period of its duration its whole capital and industry might still have been employed though upon different objects in the manner that was most advantageous at the time In every period its revenue might have been the greatest which its capital could afford and both capital and revenue might have been augmented with the greatest possible rapidity

The natural advantages which one country has over another in producing particular commodities are sometimes so great that it is acknowledged by all the world to be in vain to struggle with them By means of glasses hotbeds and hot walls very good grapes can be raised in Scotland and very good wine too can be made of them at about thirty times the expense for which at least equally good can be brought from foreign countries Would it be a reasonable law to prohibit the importation of all foreign wines merely to encourage the making of claret and burgundy in Scotland? But if there would be a manifest absurdity in turning towards any employment thirty times more of the capital and industry of the country than would be necessary to purchase from foreign countries an equal quantity of the commodities wanted there must be an absurdity though not altogether so glaring yet exactly of the same kind in turning towards any such employment a thirtieth or even a three hundredth part more of either Whether the advantages which one country has over another be natural or acquired is in this respect of no conse

is an acquired advantage only which one artificer has over his neighbour who exercises another trade and yet they both find it more advantageous to buy of one another than to make what does not belong to their particular trades

Merchants and manufacturers are the peo-

not near so advantageous to the graziers and farmers of Great Britain as other regulations of the same kind are to its merchants and manufacturers Manufactures those of the finer kind especially are more easily transported from one country to another than corn or cattle It is in the fetching and carrying manufactures accordingly that foreign trade is chiefly employed In manufactures

manufactures were permitted several of the home manufactures would probably suffer

ample were made ever so free so few could be imported that the grazing trade of Great Britain could be little affected by it Live cattle are perhaps the only commodity of which the transportation is more expensive by sea than by land By land they carry themselves to market By sea not only the cattle but their food and their water too must be carried at no small expense and inconveniency The short sea between Ireland

number of Irish cattle imported since their

cattle But if the exporters had found any

breeding countries are generally uncultivated The high price of lean cattle, by augmenting the value of uncultivated land, is like a bounty against improvement To any country which was highly improved throughout, it

land, Wales, and Northumberland, indeed, are countries not capable of much improve-

rent tax upon all the more improved and cultivated parts of the country

The freest importation of salt provisions

when compared with fresh meat, they are a

distant voyages and such like uses, but could never make any considerable part of the food of the people The small quantity of salt provisions imported from Ireland since their importation was rendered free is an expen

could very little affect the interest of the farmers of Great Britain Corn is a much more bulky commodity than butcher's meat. A pound of wheat at a penny is as dear as

our farmers that they can have nothing to fear from the freest importation The average quantity imported, one year with another, amounts only, according to the very well informed author of the tracts upon the corn trade, to twenty three thousand seven hun

tion But as the bounty upon corn occasions a greater exportation in years of plenty, so it must of consequence occasion a greater importation in years of scarcity than in the actual state of tillage would otherwise take place By means of it the plenty of one year does not compensate the scarcity of another,

less corn would be exported, so it is probable that, one year with another, less would be imported than at present. The corn merchants, the fetchers and carriers of corn between Great Britain and foreign countries would have much less employment, and might suffer considerably, but the country gentlemen and farmers could suffer very little It

Country gentlemen and farmers are, to their great honour, of all people, the least subject to the wretched spirit of monopoly The undertaker of a great manufactory is sometimes alarmed if another work of the same kind is established within twenty miles of him The Dutch undertaker of the woollen manufacture at Abbeville stipulated that no work of the same kind should be established within thirty leagues of that city Farmers and country gentlemen, on the contrary, are generally disposed rather to promote than to obstruct the cultivation and improvement of

their neighbours' farms and estates They have no secrets such as those of the greater part of manufacturers, but are generally rather fond of communicating to their neighbours and of extending as far as possible any new practice which they have found to be advantageous *Pius Questus* says old Cato *stabilissimusque minimeque invidiosus minimeque male cogitantes sunt qui in eo studio occupati sunt* Country gentlemen and farmers dispersed in different parts of the country cannot so easily combine as merchants and manufacturers who being collected into towns, and accustomed to that exclusive corporation spirit which prevails in them naturally endeavour to obtain against all their countrymen the same exclusive privilege which they generally possess against the inhabitants of their respective towns They accordingly seem to have been the original inventors of those restraints upon the importation of foreign goods which secure to them the monopoly of the home market It was probably in imitation of them, and to put themselves upon a level with those who they found were disposed to oppress them that the country gentlemen and farmers of Great Britain in so far forgot the generosity which is natural to their station as to demand the exclusive privilege of supplying their countrymen with corn and butcher s meat They did not perhaps take time to consider how much less their interest could be affected by the freedom of trade than that of the people whose example they followed

To prohibit by a perpetual law the importation of foreign corn and cattle is in reality to enact that the population and industry of the country shall at no time exceed what the rude produce of its own soil can maintain

There seem however to be two cases in which it will generally be advantageous to lay some burden upon foreign for the encouragement of domestic industry

The first is when some particular sort of industry is necessary for the defence of the country The defence of Great Britain for example depends very much upon the number of its sailors and shipping The Act of Navigation therefore very properly endeavours to give the sailors and shipping of Great Britain the monopoly of the trade of their own country in some cases by absolute prohibitions and in others by heavy burdens upon the shipping of foreign countries The following are the principal dispositions of this Act

First, all ships of which the owners and three-fourths of the mariners are not British subjects are prohibited upon pain of forfeiting ship and cargo from trading to the British settlements and plantations or from being employed in the coasting trade of Great Britain.

Secondly, a great variety of the most bulky articles of importation can be brought into Great Britain only either in such ships as are above described or in ships of the country where those goods are purchased and of which the owners masters and three fourths of the mariners are of that particular country and when imported even in ships of this latter kind they are subject to double aliens' duty If imported in ships of any other country the penalty is forfeiture of ship and goods When this act was made the Dutch were what they still are the great carriers of Europe and by this regulation they were entirely excluded from being the carriers to Great Britain or from importing to us the goods of any other European country

Thirdly a great variety of the most bulky articles of importation are prohibited from being imported even in British ships from any country but that in which they are produced under pains of forfeiting ship and cargo This regulation too was probably intended against the Dutch Holland was then as now the great emporium for all European goods and by this regulation British ships were hindered from loading in Holland the goods of any other European country

Fourthly salt fish of all kinds whale-fins whale bone oil and blubber not caught by and cured on board British vessels when imported into Great Britain are subjected to double aliens duty The Dutch as they are still the principal were then the only fishers in Europe that attempted to supply foreign nations with fish By this regulation a very heavy burden was laid upon their supplying Great Britain

When the Act of Navigation was made though England and Holland were not actually at war the most violent animosity subsisted between the two nations It had begun during the government of the Long Parliament which first framed this act and it broke out soon after in the Dutch wars during that of the Protector and of Charles the Second It is not impossible therefore that some of the regulations of this famous act may have proceeded from national animosity They are as wise however [illegible]

[illegible] power of Holland the only naval power which could endanger the security of England

The Act of Navigation is not favourable to foreign commerce or to the growth of that opulence which can arise from it

interest of a nation in its commercial rela [illegible]

[illegible]

to buy cheap when by the most perfect freedom of trade it encourages all nations to bring to it the goods which it has occasion to purchase and for the same reason it will be most likely to sell dear when its markets are thus filled with the greatest number of buyers The Act of Navigation it is true lays no burden upon foreign ships that come to export the produce of British industry Even the ancient aliens' duty which used to be paid upon all goods exported as well as imported has by several subsequent acts been [illegible]

[illegible]

not only to buy foreign goods dearer but to sell our own cheaper than if there was a more perfect freedom of trade As defence, however it is of much more importance than opulence the Act of Navigation is perhaps the wisest of all the commercial regulations of England

The second case in which it will generally be advantageous to lay some burden upon foreign for the encouragement of domestic industry is when some tax is imposed at home upon the produce of the latter In this case it seems reasonable that an equal tax should be imposed upon the like produce of the former This would not give the monopoly of the home market to domestic industry nor turn towards a particular employment a greater share af the stock and labour of the country than what would naturally go to it It would only hinder any part of what would

[illegible]

ly as possible upon the same footing as before it In Great Britain when any such tax is laid upon the produce of domestic industry it is usual at the same time in order to stop the clamorous complaints of our merchants and manufacturers that they will be undersold at home to lay a much heavier duty upon the importation of all foreign goods of the same kind

This second limitation of the freedom of trade according to some people should upon some occasions, be extended much farther than to the precise foreign commodities which could come into competition with those which had been taxed at home When the necessaries of life have been taxed in any country it becomes proper, they pretend to tax not only the like necessaries of life imported from other countries but all sorts of foreign goods which can come into competition with anything that is the produce of domestic industry Subsistence, they say, becomes necessarily dearer in consequence of such taxes and the price of labour must always rise with the price of the labourers' subsistence Every [illegible]

[illegible]

duces it becomes so Such taxes therefore are really equivalent they say to a tax upon every particular commodity produced at home In order to put domestic upon the same footing with foreign industry therefore it becomes necessary they think to lay some duty upon every foreign commodity equal to this enhancement of the price of the home commodities with which it can come into competition

Whether taxes upon the necessaries of life such as those in Great Britain upon soap salt leather candles etc necessarily raise the price of labour and consequently that of all other commodities I shall consider hereafter when I come to treat of taxes Suppos- [illegible]

[illegible]

spects from that of a particular commodity of which the price was enhanced by a particular tax immediately imposed upon it

First it might always be known with great exactness how far the price of such a commodity could be enhanced by such a tax [illegible]

[illegible]

exactness the tax upon every foreign to this enhancement of the price of every home commodity

Secondly, taxes upon the necessaries of life have nearly the same effect upon the circumstances of the people as a poor soil and a bad climate Provisions are thereby rendered dearer in the same manner as if it required extraordinary labour and expense to raise them As in the natural scarcity arising from soil and climate it would be absurd to direct the people in what manner they ought

to employ their capitals and industry, so is it likewise in the artificial scarcity arising from such taxes To be left to accommodate as well as they could their industry to their

burdened with taxes and because they already pay too dear for the necessaries of life to make them likewise pay too dear for the

the heavens and yet it is in the richest and most industrious countries that they have been most generally imposed No other countries could support so great a disorder As the strongest bodies only can live and enjoy health under an unwholesome regimen so the nations only that in every sort of industry have the greatest natural and acquired advantages can subsist and prosper under such taxes Holland is the country in Europe in which they abound most and which from peculiar circumstances continues to prosper not by means of them as has been most ab

which it may sometimes be a matter of deliberation in the one how far it is proper to continue the free importation of certain foreign goods and in the other how far or in what manner it may be proper to restore that free importation after it has been for some time interrupted

The case in which it may sometimes be a matter of deliberation how far it is proper to continue the free importation of certain foreign goods is when some foreign nation restrains by high duties or prohibitions the importation of some of our manufactures into their country

have been particularly forward to favour

this case to have been imposed upon by the sophistry of merchants and manufacturers who are always demanding a monopoly against their countrymen

imposed very high duties upon a great number of foreign manufactures Upon his refusing to moderate them in favour of the Dutch they in 1671 prohibited the importation of the wines brandies and manufactures of France The war of 1672 seems to have been in part occasioned by this commercial dispute The peace of N

the French and English began mutually

of Flanders The government of that country at that time under the dominion of Spain prohibited in return the importation of English woollens In 1700 the prohibition of importing bonelace into England was taken off upon condition that the importance of English woollens into Flanders should be put on the same footing as before

There may be good policy in retaliations of this kind when there is a probability that they will procure the repeal of the high

whether such retaliations are likely to produce such an effect does

man or politician whose councils are directed by the momentary fluctuations of affairs When there is no probability that any such repeal can be procured it seems a bad method of compensating the injury done to certain classes of our people to do another injury

them considerably

ture of theirs This may no doubt give encouragement to some particular class of workmen among ourselves and by excluding some of their rivals may enable them to raise their price in the home market Those workmen however who suffered by our neighbours' prohibition will not be benefited by ours On the contrary, they and almost all the other classes of our citizens will thereby be obliged to pay dearer than before for certain goods Every such law therefore imposes a real tax upon the whole country, not in favour of that particular class of workmen who were injured by our neighbours' prohibition but of some other class

The case in which it may sometimes be a matter of deliberation how far or in what manner it is proper to restore the free importation of foreign goods after it has been for some time interrupted is when particular manufactures by means of high duties or prohibitions upon all foreign goods which can come into competition with them have been so far extended as to employ a great multitude of hands Humanity may in this case require that the freedom of trade should be restored only by slow gradations and with a good deal of reserve and circumspection Were those high duties and prohibitions taken away all at once cheaper foreign goods of the same kind might be poured so fast into the home market as to deprive all at once many thousands of our people of their ordinary employment and means of subsistence The disorder which this would occasion might no doubt be very considerable It would in all probability however be much less than is commonly imagined for the two following reasons —

First all those manufactures of which any part is commonly exported to other European countries without a bounty could be very little affected by the freest importation of foreign goods Such manufactures must be sold as cheap abroad as any other foreign goods of the same quality and kind and consequently must be sold cheaper at home They would still therefore keep possession of the home market and though a capricious man of fashion might sometimes prefer foreign wares merely because they were foreign to cheaper and better goods of the same kind that were made at home this folly could from the nature of things extend to so few that it could make no sensible impression upon the general employment of the people But a great part of all the different branches of our woollen manufacture of our tanned leather and of our hardware are annually exported to other European countries without any bounty and these are the manufactures which employ the greatest number of hands The silk perhaps is the manufacture which would suffer the most by this freedom of trade and after it the linen though the latter much less than the former

Secondly, though a great number of people should by thus restoring the freedom of trade be thrown all at once out of their ordinary employment and common method of subsistence it would by no means follow that they would thereby be deprived either of employment or subsistence By the reduction of the army and navy at the end of the late war more than a hundred thousand soldiers and seamen a number equal to what is employed in the greatest manufactures were all at once thrown out of their ordinary employment but though they no doubt suffered some inconveniency they were not thereby deprived of all employment and subsistence The greater part of the seamen it is probable gradually betook themselves to the merchant service as they could find occasion and in the meantime both they and the soldiers were absorbed in the great mass of the people and employed in a great variety of occupations Not only no great convulsion but no sensible disorder arose from so great a change in the situation of more than a hundred thousand men all accustomed to the use of arms and many of them to rapine and plunder The number of vagrants was scarce anywhere sensibly increased by it even the wages of labour were not reduced by it in any occupation so far as I have been able to learn except in that of seamen in the merchant service But if we compare together the habits of a soldier and of any sort of manufacturer we shall find that those of the latter do not tend so much to disqualify him from being employed in a new trade as those of the former from being employed in any The manufacturer has always been accustomed to look for his subsistence from his labour only the soldier to expect it from his pay Application and industry have been familiar to the one idleness and dissipation to the other But it is surely much easier to change the direction of industry from one sort of labour to another than to turn idleness and dissipation to any To the greater part of manufactures besides it has already been observed there are other collateral manufactures of so similar a nature that a workman can easily transfer his industry from one of them to another The greater part of such workmen too are occasionally employed in country labour The stock which employed them in a particular manufacture before will still remain in the country to employ an equal number of people in some other way The capital of the country remaining the same the demand for labour will likewise be the same or very near

ly the same, though it may be exerted in different places and for different occupations Soldiers and seamen indeed when discharged from the king's service, are at liberty to exercise any trade, within any town or place of Great Britain or Ireland Let the same natural liberty of exercising what species of industry they please be restored to all his

which are real encroachments upon natural liberty, and add to these the repeal of the Law of Settlements so that a poor workman, when thrown out of employment either in

will suffer much more from the occasional disbanding some particular classes of manufacturers than from that of soldiers Our manufacturers have no doubt great merit with their country, but they cannot have more than those who defend it with their blood nor deserve to be treated with more delicacy

To expect, indeed that the freedom of trade should ever be entirely restored in Great Britain is as absurd as to expect that an Oceana or Utopia should ever be established in it Not only the prejudices of the public but what is much more unconquerable the private interests of many individ

and
s of
set

themselves against every law that is likely to increase the number of their rivals in the home market were the former to animate their soldiers in the same manner as the latter enflame their workmen to attack with vio-

army, they have become formidable to the government and upon many occasions intimidate the legislature The Member of Parliament who supports every proposal for strengthening this monopoly is sure to acquire not only the reputation of understanding trade, but great popularity and influence with an order of men whose numbers and wealth render them of great importance If he opposes them, on the contrary, and still *more if he has authority enough to* be able to thwart them, neither the most acknowl

who by the home markets being suddenly laid open to the competition of foreigners should be obliged to abandon his trade, would *no doubt suffer very considerably* That part of his capital which had usually been em

in the instruments of trade could scarce be disposed of without considerable loss The equitable regard therefore to his interest requires that changes of this kind should never be introduced suddenly, but slowly, gradually, and after a very long warning *The legislature were it possible that its de-*

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How far it may be proper to impose taxes upon the importation of foreign goods in

as destructive of the revenue of the customs as of the freedom of trade

CHAPTER III

Of the extraordinary Restraints upon the Importation of Goods of almost all kinds from those Countries with which the Balance is supposed to be disadvantageous

PART I

Of the Unreasonableness of those Restraints even upon the Principles of the Commercial System

To lay extraordinary restraints upon the importation of goods of almost all kinds from those particular countries with which the balance of trade is supposed to be disadvan-

tageous is the second expedient by which the commercial system proposes to increase the quantity of gold and silver Thus in Great Britain Silesia lawns may be imported for home consumption upon paying certain du

called the impost 1692 a duty of five and twenty per cent of the rate or value was laid upon all French goods while the goods of

ticular clauses of the same law In 1696 a second duty of twenty five per cent the first not having been thought a sufficient discour agement was imposed upon all French goods, except brandy together with a new duty of five and twenty pounds upon the ton of French wine and another of fifteen pounds

general subsidies so that before the com mencement of the present war seventy five per cent may be considered as the lowest duty to which the greater part of the goods of the growth produce or manufacture of France were liable But upon the greater part of goods those duties are equivalent to a pro hibition The French in their turn have I believe treated our goods and manufactures just as hardly though I am not so well ac quainted with the particular hardships which they have imposed upon them Those mu tual restraints have put an end to almost all fair commerce between the two nations and smugglers are now the principal importers either of British goods into France or of

which I am going to examine in this from national prejudice and animosity They are accordingly, as might well be expected still more unreasonable They are so even upon the principles of the commercial system

First though it were certain that in the case of a free trade between France and Eng land, for example the balance would be in favour of France it would by no means fol low that such a trade would be disadvanta geous to England or that the general balance of its whole trade would thereby be turned more against it If the wines of France are better and cheaper than those of Portugal or its linens than those of Germany it would be more advantageous for Great Britain to pur chase both the wine and the foreign linen which it had occasion for of France than of Portugal and Germany Though the value of the annual importations from France would thereby be greatly augmented, the value of the whole annual importations would be di minished in proportion as the French goods of the same quality were cheaper than those of the other two countries This would be the case even upon the supposition that the whole French goods imported were to be con sumed in Great Britain

But secondly, a great part of them might be re exported to other countries where being sold with profit, they might bring back a re turn equal in value perhaps to the prime cost of the whole French goods imported What has frequently been said of the East India trade might possibly be true of the French that though the greater part of East India

important branches of the Dutch trade at present consists in the carriage of French goods to other European countries Some part even of the French wine drank in Great Brit ain is clandestinely imported from Holland and Zeeland If there was either a free trade between France and England or if French goods could be imported upon paying only the same duties as those of other European na tions to be drawn back upon exportation England might have some share of a trade

two countries lies or which of them exports to

ivate in

principles

which generally direct our judg upon all questions concerning it There are two criteri

custom house books I think it

erally acknowledged are a very uncertain cri terion on account of the inaccuracy of the valuation at which the greater part of goods

are rated in them The course of exchange is perhaps almost equally so

When the exchange between two places such as London and Paris is at par, it is said to be a sign that the debts due from London to Paris are compensated by those due from Paris to London On the contrary, when a premium is paid at London for a bill upon Paris it is said to be a sign that the debts due *from London to Paris are not compensated by* those due from Paris to London but that a balance in money must be sent out from the latter place for the risk trouble and expense

to a greater amount than it exports to that other the debts and credits of each may compensate one another But when one of them imports from the other to a greater value than it exports to that other the former necessarily becomes indebted to the latter in a greater sum than the latter becomes indebted to it the debts and credits of each do not compen

as these necessarily regulate that state

thence follow that the balance of trade was in favour of that place which had the ordinary state of debt and credit in its favour The ordinary state of debt and credit between any

it ... for the merchants of

dealings of England with those other places England *may be obliged* to send out every year money to Holland though its annual ex

debt and credit is in favour of that country which seems to have or which is supposed to have the ordinary course of exchange in its favour or, in other words the real exchange may be and in fact, often is so very different *from the computed one, that from the course* of the latter no certain conclusion can upon many occasions be drawn concerning that of the former

When for a sum of money paid in England containing according to the standard of the English mint, a certain number of ounces of pure silver you receive a bill for a sum of money to be paid in France containing according to the standard of the French mint an equal number of ounces of pure silver exchange is said to be at par between England and France When you pay more, you are supposed to give a premium and exchange is said to be against England and in favour of France When you pay less you are supposed to get a premium and exchange is said to be against France and in favour of England

But first we cannot always judge of the value of the current money of different countries by the standard of their respective mints

other country is in proportion not to the

five-and twenty per cent below its standard

and the man who was supposed to give may

vour Since the reformation of the gold coin the exchange has been constantly in favour of England and against France

Secondly, in some countries the expense of coinage is defrayed by the government in others it is defrayed by the private people who carry their bullion to the mint and the government even derives some revenue from the coinage In England it is defrayed by the government and if you carry a pound weight of standard silver to the mint you get back sixty two shillings containing a pound weight of the like standard silver In France a duty of eight per cent is deducted for the coinage which not only defrays the expense of it but affords a small revenue to the government In England as the coinage costs nothing the current coin can never be much more valuable than the quantity of bullion which it actually contains In France the workmanship as you pay for it adds to the value in the same manner as to that of wrought plate A sum of French money therefore containing a certain weight of pure silver is more valuable than a sum of English money containing an equal weight of pure silver and must require more bullion or other commodities to purchase it Though the current coin of the two countries therefore were equally near the standards of their respective mints a sum of English money could not well purchase a sum of French money containing an equal number of ounces of pure silver nor consequently a bill upon France for such a sum If for such a bill no more additional money was paid than what was sufficient to compensate the expense of the French coinage the real exchange might be at par between the two countries their debts and credits might mutually compensate one another while the computed exchange was considerably in favour of France If less than this was paid the real exchange might be in favour of England while the computed was in favour of France

Thirdly and lastly in some places as at Amsterdam Hamburg Venice etc foreign bills of exchange are paid in what they call bank money while in others as at London Lisbon Antwerp Leghorn etc they are paid in the common currency of the country What is called bank money is always of more value than the same nominal sum of common currency A thousand guilders in the Bank of Amsterdam for example are of more value than a thousand guilders of Amsterdam currency The difference between them is called the agio of the bank which at Amsterdam is generally about five per cent Supposing the current money of the two countries equally near to the standard of their respective mints and that the one pays foreign bills in this common currency while the other pays them in bank money, it is evident that the computed exchange may be in favour of that which pays in bank money, though the real exchange should be in favour of that which pays in current money, for the same reason that the computed exchange may be in favour of that which pays in better money, or in money nearer to its own standard though the real exchange should be in favour of that which pays in worse The computed exchange before the late reformation of the gold coin was generally against London with Amsterdam Hamburg Venice, and I believe, with all other places which pay in what is called bank money It will by no means follow, however that the real exchange was against it Since the reformation of the gold coin it has been in favour of London even with those places The computed exchange has generally been in favour of London with Lisbon Antwerp Leghorn and, if you except France I believe with most other parts of Europe that pay in common currency and it is not improbable that the real exchange was so too

DIGRESSION CONCERNING BANKS OF DEPOSIT PARTICULARLY CONCERNING THAT OF AMSTERDAM

The currency of a great state such as France or England generally consists almost entirely of its own coin Should this currency therefore be at any time worn clipt or otherwise degraded below its standard value the state by a reformation of its coin can effectually re-establish its currency But the currency of a small state such as Genoa or Hamburg can seldom consist altogether in its own coin but must be made up in a great measure of the coins of all the neighbouring states with which its inhabitants have a continual intercourse Such a state therefore by reforming its coin will not always be able to reform its currency If foreign bills of exchange are paid in this currency the uncertain value of any sum of what is in its own nature so uncertain must render the exchange always very much against such a state its currency being in all foreign states necessarily valued even below what it is worth

In order to remedy the inconvenience to which this disadvantageous exchange must have subjected their merchants such small states when they began to attend to the interest of trade have frequently enacted that foreign bills of exchange of a certain value should be paid not in common currency but by an order upon or by a transfer in the books of a certain bank established upon the credit and under the protection of the state this bank being always obliged to pay in good and true money exactly according to the standard of the state The banks of Venice Genoa Am

sterdam Hamburg and Nuremberg seem to have been all originally established with this view though some of them may have after wards been made subservient to other pur

posed to be more or less degraded below the standard of the state The agio of the Bank of Hamburg for example which is said to be commonly about fourteen per cent is the sup posed difference between the good standard money of the state and the clipt worn and diminished currency poured into it from all the neighbouring states

Before 1609 the great quantity of clipt and worn foreign coin which the extensive trade of Amsterdam brought from all parts of Europe reduced the value of its currency about nine per cent below that of good money fresh from the mint Such money no sooner appeared than it was melted down or carried

in a great measure uncertain

In order to remedy these inconveniences a bank was established in 1609 under the guarantee of the city This bank received both foreign coin and the light and worn coin of the country at its real intrinsic value in the good standard money of the country deducting only so much as was necessary for defray

standard of the mint was always of the same real value and intrinsically worth more than current money It was at the same time enacted that all bills drawn upon or negotiated at Amsterdam of the value of six hundred

for bank money

be paid away by a simple transfer without the trouble of counting or the risk of transporting it from one place to another In consequence of those different advantages it

the coffers of the bank its superiority was known and ascertained When it had come into those of a private person its superiority could not well be ascertained without more trouble than perhaps the difference was worth By being brought from the coffers of the bank besides it lost all the other advantages of bank money its security its easy and safe transferability its use in paying foreign bills of exchange Over and above all this it could not be brought from those coffers as it will

constituted the original capital of the bank

bullion the bank has been for these many years in the practice of giving credit in its books upon deposits of gold and silver bullion This credit is generally about five per cent

bullion again at any time within six months upon re-transferring to the bank a quantity of bank money equal to that for which credit had been given in its books when the deposit

keeping of the deposit may be considered as a sort of warehouse rent and why this ware

that of silver Frauds are more easily prac tised and occasion a greater loss in the more precious metal Silver, besides being the standard metal, the state, it has been said, wishes to encourage more the making of de posits of silver than those of gold

Deposits of bullion are most commonly made when the price is somewhat lower than ordinary, and they are taken out again when

fineness is well known and ascertained such as Mexico dollars), is twenty two guilders the mark the mint price is about twenty three guilders and the market price is from twenty three guilders six to twenty three guilders six teen stivers or from two to three per cent above the mint price[1] The proportions be tween the bank price the mint price and the market price of gold bullion are nearly the

same A person can generally sell his receipt for the difference between the mint price of bullion and the market price A receipt for

which it had been received either by not tak ing it out before the end of the six months, or by neglecting to pay the one fourth or one half per cent in order to obtain a new receipt for

together, and there is no occasion that they should The person who has a receipt and who wants to take out bullion finds always plenty of bank credits or bank money to buy at the ordinary price and the person who has bank money, and wants to take out bullion finds receipts always in equal abundance

The owners of bank credits and the holders of receipts constitute two different sorts of creditors against the bank The holder of a receipt cannot draw out the bullion for which it is granted without reassigning to the bank a sum of bank money equal to the price at which the bullion had been received If he has no bank money of his own he must purchase it of those who have it The owner of bank

money purchases the power of taking out a quantity of bullion of which the mint price is five per cent above the bank price The agio of five per cent therefore which he commonly pays for it is paid not for an imaginary but for a real value The owner of bank money when he purchases a receipt purchases the power of taking out a quantity of bullion of which the market price is commonly from two to three per cent above the mint price The price which he pays for it therefore is paid likewise for a real value The price of the re ceipt and the price of the bank money com pound or make up between them the full value or price of the bullion

Upon deposits of the coin current in the country the bank grants receipts likewise as

[1] The following are the prices at which the Bank of Amsterdam at present (September 1775) re ceives bullion and coin of different kinds —

SILVER

	Guilders
Mexico dollars French crowns English silver coin	B—22 per mark
Mexico dollars new coin	21 10
Ducatoons	3
Rix dollars	2 8

Bar silver containing eleven twelfths fine silver 21 per mark and in this proportion down to ¼ fine on which 5 guilders are given

Fine bars 23 per mark

GOLD

Portugal coin Guineas Louis d ors new	B—310 per mark
Ditto old	300
New ducats	4 19 8 per ducat

well as bank credits but those receipts are

warehouse rent for the perpetual keeping of such deposits

The sum of bank money for which the receipts are expired must be very considerable It must comprehend the whole origin tal of the bank which it is genera

without loss But whatever may amount of this sum the proportion bears to the whole mass of bank m supposed to be very small The Bank sterdam has for these many years pa the great warehouse of Europe for bul which the receipts are very seldom all expire or as they express it to fall

are expired is mixed and confounded

portion of it which may not at any time be

It might be otherwise during a public calamity, an invasion, for example, such as that of the French in 1672 The owners of bank money being then all eager to draw it out of the bank in order to have it their own keep-

rying away of the treasure In such emergencies the bank it is supposed would break through its ordinary rule of making payment only to the holders of receipts The holders of

tion between the market price of bank and that of current money is kept at all times very near to the proportion between their intrinsic values Before this resolution was taken the market price of bank money used sometimes to rise so high as nine per cent agio and some times to sink so low as par according as opposite interests happened to influence the market

The Bank of Amsterdam professes to lend

may perhaps appear more uncertain At Am

treasure of the bank The city is guarantee that it should be so The bank is under the direction of the four reigning burgomasters who are changed every year Each new set of burgomasters visits the treasure compares it

bank was established Those pieces therefore must have lain there from that time

What may be the amount of the treasure

bank and allowing them to have one with another, the value of fifteen hundred pounds sterling lying upon their respective accounts (a very large allowance), the whole quantity of bank money, and consequently of treasure in the bank will amount to about three millions sterling or, at eleven guilders the pound sterling thirty three millions of guilders—a great sum and sufficient to carry on a very extensive circulation but vastly below the extravagant ideas which some people have formed of this treasure

The city of Amsterdam derives a considerable revenue from the bank Besides what may be called the warehouse rent above mentioned each person upon first opening an account with the bank pays a fee of ten guilders and for every new account three guilders three stivers, for every transfer two stivers and if the transfer is for less than three hundred

son who orders a transfer for more than is

agio and buying it in at four These different emoluments amount to a good deal more than what is necessary for paying the salaries of officers and defraying the expense of management What is paid for the keeping of bullion

was unforeseen and may be considered as accidental But it is now time to return from this long digression into which I have been

and is almost always more or less below that standard

Part 2

Of the Unreasonableness of those extraordinary Restraints upon other Principles

In the foregoing part of this chapter I have endeavoured to show, even upon the principles of the commercial system, how unnecessary it is to lay *extraordinary restraints upon* the importation of goods from those coun

upon which, not only these restraints, but almost all the other regulations of commerce are founded When two places trade with one an

in proportion to its declension from the exact equilibrium Both suppositions are false A *trade which is forced by means of bounties* and monopolies may be and commonly is disadvantageous to the country in whose favour it is meant to be established as I shall endeavour to show hereafter But that trade which without force or constraint is naturally and regularly carried on between any two places is always advantageous though not

nual produce of the land and labour of the country or the increase of the annual revenue of its inhabitants

given revenue and maintenance to a certain number of its inhabitants Some part of the inhabitants of each therefore will indirectly derive their revenue and maintenance from the other As the commodities exchanged too are suppose l to be of equal value so the two capitals employed in the trade will

upon most occasions be equal, or very nearly equal and both being employed in raising the native commodities of the two countries

habitants of the other

If their trade should be of such a nature

goods were purchased would be annually distributed among the people of England The greater part of it would replace the capitals

much more the revenue of the people of France than that of the English capital would the revenue of the people of England France would in this case carry on a direct foreign trade of consumption with England whereas England would carry on a round about trade of the same kind with France The different effects of a capital employed in the direct and of one employed in the round about foreign trade of consumption have already been fully explained

There is not probably, between any two

greatest proportion of native, and the least of foreign goods, will always be the principal gainer

If it was not with tobacco and East India goods but with gold and silver, that England paid for the commodities annually imported from France, the balance, in this case, would be supposed uneven commodities not being paid for with commodities but with gold and silver The trade however, would in this case,

equal value of any other goods On the con

is a richer man than he who has only a hundred thousand pounds worth of tobacco in his warehouse, so is he likewise a richer man than he who has only a hundred thousand pounds worth of gold in his coffers He can put into motion a greater quantity of industry, and give revenue, maintenance and employment to a greater number of people than either of the other two But the capital

in it is equal to what all those different capitals can maintain Both the capital of the country, therefore, and the quantity of industry which can be annually maintained in it, must generally be augmented by this exchange It would, indeed, be more advantageous for England that it could purchase the wines of France with its own hardware and broadcloth than with either the tobacco of Virginia or the gold and silver of Brazil and Peru A direct foreign trade of consumption is always more advantageous than a round about one But a round about foreign trade

will one be long in want of gold and silver which has wherewithal to purchase those metals

large quantity of the brewer He may no

ions It is advantageous to the great body of

workmen, notwithstanding that all these trades should be free though this freedom may be abused in all of them, and is more likely to be so perhaps in some than in others Though individuals besides, may sometimes ruin their fortunes by an excessive consumption of fermented liquors there seems to be no risk that a nation should do so Though in every country there are many people who spend upon such liquors more than they can afford there are always many more who spend less It deserves to be remarked too, that if we consult experience the cheapness of wine seems to be a cause not of drunkenness but of sobriety The inhabitants of the wine countries are in general the soberest people in Europe witness the Spaniards the Italians and the inhabitants of the southern provinces of France People are seldom guilty of excess in what is their daily fare Nobody affects the character of liberality and good fellowship by being profuse of a liquor which is as cheap as small beer On the contrary, in the countries which either from excessive heat or cold produce no grapes, and where wine consequently is dear and a rarity drunkenness is a common vice as among the northern nations and all those who live between the tropics the negroes for example on the coast of Guinea When a French regiment comes from some of the northern provinces of France where wine is somewhat dear to be quartered in the southern where it is very cheap the soldiers I have frequently heard it observed are at first debauched by the cheapness and novelty of good wine but after a few months' residence the greater part of them become as sober as the rest of the inhabitants Were the duties upon foreign wines and the excises upon malt beer and ale to be taken away all at once it might in the same manner occasion in Great Britain a pretty general and temporary drunkenness among the middling and inferior ranks of people which would probably be soon followed by a permanent and almost universal sobriety At present drunkenness is by no means the vice of people of fashion or of those who can easily afford the most expensive liquors A gentleman drunk with ale has scarce ever been seen among us The restraints upon the wine trade in Great Britain besides do not so much seem calculated to hinder the people from going if I may say so to the alehouse as from going where they can buy the best and cheapest liquor They favour the wine trade of Portugal and discourage that of France The Portuguese it is said indeed are better customers for our manufactures than the French and should therefore be encouraged in preference to them As they give us their custom it is pretended we should give them ours The sneaking arts of underling tradesmen are thus erected into political maxims for the conduct of a great empire for it is the most underling tradesmen only who make it a rule to employ chiefly their own customers A great trader purchases his goods always where they are cheapest and best without regard to any little interest of this kind

By such maxims as these however nations have been taught that their interest consisted in beggaring all their neighbours Each nation has been made to look with an invidious eye upon the prosperity of all the nations with which it trades and to consider their gain as its own loss Commerce which ought naturally to be among nations as among individuals a bond of union and friendship has become the most fertile source of discord and animosity The capricious ambition of kings and ministers has not during the present and the preceding century been more fatal to the repose of Europe than the impertinent jealousy of merchants and manufacturers The violence and injustice of the rulers of mankind is an ancient evil for which I am afraid, the nature of human affairs can scarce admit of a remedy But the mean rapacity the monopolizing spirit of merchants and manufacturers who neither are nor ought to be the rulers of mankind though it cannot perhaps be corrected may very easily be prevented from disturbing the tranquillity of anybody but themselves

That it was the spirit of monopoly which originally both invented and propagated this doctrine cannot be doubted and they who first taught it were by no means such fools as they who believed it In every country it always is and must be the interest of the great body of the people to buy whatever they want of those who sell it cheapest The proposition is so very manifest that it seems ridiculous to take any pains to prove it nor could it ever have been called in question had not the interested sophistry of merchants and manufacturers confounded the common sense of mankind Their interest is in this respect directly opposite to that of the great body of the people As it is the interest of the freemen of a corporation to hinder the rest of the inhabitants from employing any workmen but themselves so it is the interest of the merchants and manufacturers of every country to secure to themselves the monopoly of the home market Hence in Great Britain and in most other European countries, the extraordinary duties upon almost all goods imported by alien merchants Hence the high duties and prohibitions upon all those foreign manufactures which can come into competition with our own Hence

straints upon the importation of almost all sorts of goods from those countries with which the balance of trade is supposed to be dis advantageous that is from those against whom national animosity happens to be most violently inflamed

The wealth of a neighbouring nation how ever though dangerous in war and politics is certainly advantageous in trade In a state of hostility it may enable our enemies to main tain fleets and armies superior to our own but in a state of peace and commerce it must likewise enable them to exchange with us to a greater value and to afford a better market either for the immediate produce of our own industry or for whatever is purchased with that produce As a rich man is likely to be a better customer to the industrious people in his neighbourhood than a poor so is likewise a rich nation A rich man indeed who is himself a manufacturer is a very dangerous neighbour to all those who deal in the same way All the rest of the neighbourhood how ever by far the greatest number profit by the good market which his expense affords them They even profit by his underselling the poorer workmen who deal in the same way with him The manufacturers of a rich nation in the same manner may no doubt be very dangerous rivals to those of their neigh bours This very competition however is ad vantageous to the great body of the people who profit greatly besides by the good mar ket which the great expense of such a nation affords them in every other way Private peo ple who want to make a fortune never think of retiring to the remote and poor provinces of the country but resort either to the capital or to some of the great commercial towns They know that where little wealth circulates there is little to be got but that where a great deal is in motion some share of it may fall to them The same maxims which would in this manner direct the common sense of one or ten or twenty individuals should regulate the judgment of one or ten or twenty mil lions and should make a whole nation regard the riches of its neighbours as a probable cause and occasion for itself to acquire riches A nation that would enrich itself by foreign trade is certainly most likely to do so when its neighbours are all rich industrious and commercial nations A great nation surround ed on all sides by wandering savages and poor barbarians might no doubt acquire riches by the cultivation of its own lands and by its own interior commerce but not by foreign trade It seems to have been in this manner that the ancient Egyptians and the modern Chinese acquired their great wealth The ancient Egyptians it is said neglected for eign commerce and the modern Chinese it is known, hold it in the utmost contempt and scarce deign to afford it the decent protection of the laws The modern maxims of foreign commerce, by aiming at the impoverishment of all our neighbours, so far as they are ca pable of producing their intended effect tend to render that very commerce insignificant and contemptible

It is in consequence of these maxims that the commerce between France and England has in both countries been subjected to so many discouragements and restraints If those two countries however, were to consider their real interest, without either mercantile jeal ousy or national animosity the commerce of France might be more advantageous to Great Britain than that of any other country and for the same reason that of Great Britain to France France is the nearest neighbour to Great Britain In the trade between the south ern coast of England and the northern and north western coasts of France the returns might be expected, in the same manner as in the inland trade four five or six times in the year The capital therefore employed in this trade could in each of the two countries keep in motion four five or six times the quantity of industry and afford employment and sub sistence to four five or six times the number of people which an equal capital could do in the greater part of the other branches of foreign trade Between the parts of France and Great Britain most remote from one an other the returns might be expected at least, once in the year and even this trade would so far be at least equally advantageous as the greater part of the other branches of our for eign European trade It would be at least three times more advantageous than the boasted trade with our North American col onies in which the returns were seldom made in less than three years frequently not in less than four or five years France besides is supposed to contain twenty four millions of inhabitants Our North American colonies were never supposed to contain more than three millions and France is a much richer country than North America though on account of the more unequal distribution of riches there is much more poverty and beg gary in the one country than in the other France therefore could afford a market at least eight times more extensive and on ac count of the superior frequency of the re turns four and twenty times more advanta geous than that which our North American colonies ever afforded The trade of Great Britain would be just as advantageous to France and in proportion to the wealth pop ulation and proximity of the respective coun tries, would have the same superiority over that which France carries on with her own

colonies Such is the very great difference between that trade which the wisdom of both nations has thought proper to discourage and that which it has favoured the most

But the very same circumstances which would have rendered an open and free commerce between the two countries so advantageous to both have occasioned the principal obstructions to that commerce Being neighbours, they are necessarily enemies and the wealth and power of each becomes upon that account, more formidable to the other and what would increase the advantage of national friendship serves only to inflame the violence of national animosity They are both rich and industrious nations and the merchants and manufacturers of each dread the competition of the skill and activity of those of the other Mercantile jealousy is excited and both inflames and is itself inflamed by the violence of national animosity and the traders of both countries have announced with all the passionate confidence of interested falsehood the certain ruin of each in consequence of that unfavourable balance of trade which they pretend would be the infallible effect of an unrestrained commerce with the other

There is no commercial country in Europe of which the approaching ruin has not frequently been foretold by the pretended doctors of this system from an unfavourable balance of trade After all the anxiety however which they have excited about this after all the vain attempts of almost all trading nations to turn that balance in their own favour and against their neighbours it does not appear that any one nation in Europe has been in any respect impoverished by this cause Every town and country on the contrary in proportion as they have opened their ports to all nations instead of being ruined by this free trade as the principles of the commercial system would lead us to expect have been enriched by it Though there are in Europe indeed a few towns which in some respects deserve the name of free ports there is no country which does so Holland perhaps approaches the nearest to this character of any though still very remote from it and Holland it is acknowledged not only derives its whole wealth but a great part of its necessary subsistence from foreign trade

There is another balance indeed which has already been explained very different from the balance of trade and which according as it happens to be either favourable or unfavourable necessarily occasions the prosperity or decay of every nation This is the balance of the annual produce and consumption If the exchangeable value of the annual produce it has already been observed exceeds that of the annual consumption the capital of the society must annually increase in proportion to this excess The society in this case lives within its revenue and what is annually saved out of its revenue is naturally added to its capital and employed so as to increase still further the annual produce If the exchangeable value of the annual produce, on the contrary, fall short of the annual consumption the capital of the society must annually decay in proportion to this deficiency The expense of the society in this case exceeds its revenue and necessarily encroaches upon its capital Its capital therefore must necessarily decay and together with it the exchangeable value of the annual produce of its industry

This balance of produce and consumption is entirely different from what is called the balance of trade It might take place in a nation which had no foreign trade, but which was entirely separated from all the world It may take place in the whole globe of the earth of which the wealth population and improvement may be either gradually increasing or gradually decaying

The balance of produce and consumption may be constantly in favour of a nation though what is called the balance of trade be generally against it A nation may import to a greater value than it exports for half a century perhaps, together the gold and silver which comes into it during all this time may be all immediately sent out of it its circulating coin may gradually decay different sorts of paper money being substituted in its place and even the debts too which it contracts in the principal nations with whom it deals may be gradually increasing and yet its real wealth the exchangeable value of the annual produce of its lands and labour may during the same period have been increasing in a much greater proportion The state of our North American colonies and of the trade which they carried on with Great Britain before the commencement of the present disturbances,[1] may serve as a proof that this is by no means an impossible supposition

CHAPTER IV

Of Drawbacks

MERCHANTS and manufacturers are not contented with the monopoly of the home market but desire likewise the most extensive foreign sale for their goods Their country has no jurisdiction in foreign nations, and therefore can seldom procure them any monopoly there They are generally obliged therefore to content themselves with petitioning for certain encouragements to exportation

Of these encouragements what are called Drawbacks seem to be the most reasonable

[1] This paragraph was written in the year 1775

To allow the merchant to draw back upon exportation, either the whole or a part of whatever excise or inland duty is imposed upon domestic industry, can never occasion the exportation of a greater quantity of goods than what would have been exported had no duty been imposed Such encouragements do not tend to turn towards any particular employment a greater share of the capital of the country than what would go to that employment of its own accord, but only to hinder

to destroy, but to preserve what it is in most cases advantageous to preserve the natural division and distribution of labour in the society

The same thing may be said of the draw [illegible]

exportation the English merchant provided the exportation took place within twelve

within this rule having other and more advantageous allowances The duties imposed by this Act of Parliament were at that time the only duties upon the importation of foreign goods The term within which this and all other drawbacks could be claimed was afterwards (by the 7th George I c 21 sect 10) extended to three years

The duties which have been imposed since the Old Subsidy are the greater part of them wholly drawn back upon exportation This general rule however is liable to a great number of exceptions and the doctrine of draw

American colonies we had the monopoly of the tobacco of Maryland and Virginia We imported about ninety six thousand hogsheads and the home consumption was not supposed to exceed fourteen thousand To facilitate the great exportation which was necessary in order to rid us of the rest the whole duties were drawn back provided the exportation took place within three years.

We still have, though not altogether yet very nearly, the monopoly of the sugars of our West Indian Islands If sugars are exported within a year, therefore, all the duties upon importation are drawn back and if exported within three years all the duties except half the Old Subsidy, which still continues to be retained upon the exportation of the greater part of goods Though the importation of sugar exceeds a good deal what is necessary for the home consumption the excess is inconsiderable in comparison of what it used to be in tobacco

Some goods the particular objects of the jealousy of our own manufacturers are prohibited to be imported for home consumption They may, however upon paying certain duties be imported and warehoused for exportation But upon such exportation no part of these duties are drawn back Our manufac

thus come into competition with their own It is under these regulations only that we can import wrought silks French cambrics and lawns calicoes painted, printed stained or dyed etc

We are unwilling even to be the carriers of French goods and choose rather to forego a profit to ourselves than to suffer those whom we consider as our enemies to make any profit by our means Not only half the Old Subsidy but the second twenty five per cent is retained upon the exportation of all French goods

By the fourth of the rules annexed to the Old Subsidy the drawback allowed upon the exportation of all wines amounted to a great deal more than half the duties which were at that time paid upon their importation and it seems at that time to have been the object of the legislature to give somewhat more than ordinary encouragement to the carrying trade in wine Several of the other duties too which were imposed either at the same time or subsequent to the Old Subsidy—what is called the additional duty the New Subsidy the One third and Two-thirds Subsidies the impost 1692 the coinage on wine—were allowed to be wholly drawn back upon exportation All those duties however except the additional duty and impost 1692 being paid down in ready money upon importation the interest of so large a sum occasioned an expense which made it unreasonable to expect any profitable carrying trade in this article Only a part therefore, of the duty called the

impost on wine, and no part of the twenty-five pounds the ton upon French wines, or of the duties imposed in 1745, in 1763, and in 1778, were allowed to be drawn back upon

goods, were likewise allowed to be drawn back upon that of wine The last duty that has been particularly imposed upon wine, that of 1780, is allowed to be wholly drawn back, an indulgence which, when so many heavy duties are retained, most probably could never occasion the exportation of a single ton of wine These rules take place with regard to all places of lawful exportation, except the British colonies in America

coast as our North American and West Indian colonies, where our authority was always so very slender, and where the inhabitants were

times, found means of bringing back some cargo from the countries to which they were allowed to carry out one They seem, however, to have found some difficulty in importing European wines from the places of their growth, and they could not well import them from Great Britain where they were loaded with many heavy duties, of which a consider-

with them to the mother country, where that wine had not been much in fashion before Upon the conclusion of that war, in 1763 (by the 4th George III, c 15, sect 12), all the duties, except £3 10s, were allowed to be drawn back upon the exportation to the col-

ment. The period between the granting

indulgence and the revolt of our North American colonies was probably too short to admit of any considerable change in the customs of those countries

The same act, which, in the drawback upon all wines, except French wines, thus favoured the colonies so much more than other countries, in those upon the greater part of other commodities favoured them much less Upon the exportation of the greater part of commodities to other countries, half the old subsidy was drawn back But this law enacted that no part of that duty should be drawn back upon the exportation to the colonies

ed for the encouragement of the carrying trade, which, as the freight of the ships is *frequently paid by foreigners in money*, was supposed to be peculiarly fitted for bringing gold and silver into the country But though the carrying trade certainly deserves no peculiar encouragement, though the motive of the institution was perhaps abundantly foolish, the institution itself seems reasonable enough Such drawbacks cannot force into

trade or in its foreign trade of consumption

The revenue of the customs, instead of

therefore of which a part is retained would never have been paid

These reasons seem sufficiently to justify drawbacks and would justify them, though the whole duties, whether upon the produce of domestic industry, or upon foreign goods, were always drawn back upon exportation The revenue of excise would in this case, indeed, suffer a little, and that of the customs

backs only upon exporting goods to those countries which are altogether foreign and independent not to those in which our mer chants and manufacturers enjoy a monopoly A drawback for example upon the exporta tion of European goods to our American col onies will not always occasion a greater ex portation than what would have taken place without it By means of the monopoly which our merchants and manufacturers enjoy there the same quantity might frequently perhaps be sent thither though the whole duties were retained The drawback therefore may fre quently be pure loss to the revenue of excise and customs without altering the state of the trade or rendering it in any respect more extensive How far such drawbacks can be justified as a proper encouragement to the industry of our colonies or how far it is ad vantageous to the mother country that they should be exempted from taxes which are paid by all the rest of their fellow subjects will appear hereafter when I come to treat the colonies

Drawbacks however it must always be understood are useful only in those cases in which the goods for the exportation of which they are given are really exported to some for eign country and not clandestinely re im ported into our own That some drawbacks particularly those upon tobacco have fre

CHAPTER V

Of Bounties

Bounties upon exportation are in Great Britain frequently petitioned for and some times granted to the produce of particular branches of domestic industry By means of them our merchants and manufacturers it is pretended will be enabled to sell their goods as cheap or cheaper than their rivals in the foreign market A greater quantity it is said will thus be exported and the balance of trade consequently turned more in favour of our own country We cannot give our workmen a monopoly in the foreign as we have done in the home market We cannot force foreigners to buy their goods as we have done our own countrymen The next best expedient it has been thought therefore is to pay them for buying It is in this manner that the mercan tile system proposes to enrich the whole coun try and to put money into all our pockets

of trade in which the merchant can sell his goods for a price which replaces to him with the ordinary profits of stock the whole capital employed in preparing and sending them to market can be carried on without a bounty Every such branch is evidently upon a level with all the other branches of trade which are

does not replace to him his capital together with the ordinary profit or in which he is obliged to sell them for less than it really

posed to be greater than the returns of which every operation eats up a part of the capital employed in it and which is of such a nature that if all other trades resembled it there

merchant what he would otherwise lose up the price of his goods his own interest would soon oblige him to employ his stock in an other way or to find out a trade in which the

of the mercantile system can only be to force the trade of a country into a channel much less advantageous than that in which it would naturally run of its own accord

The ingenious and well informed author of the tracts upon the corn trade has shown very clearly that since the bounty upon the expor tation of corn was first established the price of the corn exported, valued moderately enough has exceeded that of the corn im ported valued very high by a much greater sum than the amount of the whole bounties which have been paid during that period This he imagines upon the true principles of the mercantile system is a clear proof that this forced corn trade is beneficial to the na tion the value of the exportation exceeding that of the importation by a much greater sum than the whole extraordinary expense which the public has been at in order to get it exported He does not consider that this extraordinary expense or the bounty is the smallest part of the expense which the ex

portation of corn really costs the society The capital which the farmer employed in raising it must likewise be taken into the account Unless the price of the corn when sold in the foreign markets replaces not only the bounty, but this capital, together with the ordinary profits of stock, the society is a loser by the difference or the national stock is so much diminished But the very reason for which it has been thought necessary to grant a bounty is the supposed insufficiency of the price to do this

The average price of corn it has been said, has fallen considerably since the establishment of the *bounty* *That the average price* of corn began to fall somewhat towards the end of the last century, and has continued to do so during the course of the sixty four first years of the present I have already endeavoured to show But this event supposing it to be as real as I believe it to be, must have happened in spite of the bounty, and cannot possibly have happened in consequence of it It has happened in France as well as in England though in France there was not only no bounty, but till 1764 the exportation of corn was subjected to a general prohibition. This gradual fall in the average price of grain it is probable therefore is ultimately owing neither to the one regulation nor to the other but to that gradual and insensible rise in the real value of silver which in the first book in this discourse I have endeavoured to show has taken place in the general market of Europe during the course of the present century It seems to be altogether impossible that the bounty could ever contribute to lower the price of grain

In years of plenty it has already been observed the bounty by occasioning an extraordinary exportation necessarily keeps up the price of corn in the home market above what it would naturally fall to To do so was the avowed purpose of the institution In years of scarcity, though the bounty is frequently suspended yet the great exportation which it occasions in years of plenty must frequently hinder more or less the plenty of one year from relieving the scarcity of another Both in years of plenty and in years of scarcity therefore the bounty necessarily tends to raise the money price of corn somewhat higher than it otherwise would be in the home market

That in the actual state of tillage the bounty must necessarily have this tendency will not I apprehend be disputed by any reasonable person But it has been thought by many people that it tends to encourage tillage and that in two different ways first by opening a more extensive foreign market to the corn of the farmer it tends they imagine to increase the demand for, and consequently the production of that commodity and secondly, by securing to him a better price than he could otherwise expect in the actual state of tillage it tends they suppose to encourage tillage This double encouragement must they imagine in a long period of years occasion such an increase in the production of corn as may lower its price in the home market much more than the bounty can raise it in the actual state which tillage may, at the end of that period happen to be in

I answer that whatever extension of the *foreign* market can be occasioned by the bounty must in every particular year be altogether at the expense of the home market as every bushel of corn which is exported by means of the bounty, and which would not have been exported without the bounty would have remained in the home market to increase the consumption and to lower the price of that commodity The corn bounty it is to be observed as well as every other bounty upon exportation imposes two different taxes upon the people first the tax which they are obliged to contribute in order to pay the bounty and secondly the tax which arises from the advanced price of the commodity in the *home* market and which as the whole body of the people are purchasers of corn must, in this particular commodity be paid by the whole body of the people In this particular commodity therefore this second tax is by much the heavier of the two Let us suppose that taking one year with another the bounty of five shillings upon the exportation of the quarter of wheat raises the price of that commodity in the home market only sixpence the bushel or four shillings the quarter higher than it otherwise would have been in the actual state of the crop Even upon this very moderate supposition the great body of the people over and above contributing the tax which pays the bounty of five shillings upon every quarter of wheat exported must pay another of four shillings upon every quarter which they themselves consume But according to the very well informed author of the tracts upon the corn trade the average proportion of the corn exported to that consumed at home is not more than that of one to thirty-one For every five shillings therefore which they contribute to the payment of the first tax they must contribute six pounds four shillings to the payment of the second So very heavy a tax upon the first necessary of life must either reduce the subsistence of the labouring poor, or it must occasion some augmentation in their pecuniary wages proportionable to that in the pecuniary price of their subsistence So far as it operates in the one way it

reduce the ability of the labouring poor to educate and bring up their children and must so far, tend to restrain the population of the country So far as it operates in the other, it must reduce the ability of the employers of the poor
otherwise
restrain
extraordi[illegible] corn therefore occasioned by the bounty not only in every particular year diminishes the home just as much as it extends the foreign market and consumption but by restraining the population and industry of the country its final tendency is to stunt and restrain the gradual extension of the home market and thereby in the long run rather to diminish than to augment the whole market and consumption of corn

This enhancement of the money price of corn however it has been thought by rendering that commodity more profitable to the farmer must necessarily encourage its production

I answer that this might be the case if the effect of the bounty was to raise the real price of corn or to enable the farmer with an equal quantity of it to maintain a greater number of labourers in the same manner whether liberal moderate or scanty that other labourers are

[illegible] the real but the nominal price of corn which can in any considerable degree be affected by the bounty And though the tax which that institution imposes upon the whole body of the people may be very burdensome to those who pay it it is of very little advantage to those who receive it

The real effect of the bounty is not so much to raise the real value of corn as to degrade the real value of silver or to make an equal quantity of it exchange for a smaller quantity not only of corn but of all other home made commodities for the money price of corn regulates that of all other *home made* commodities

It regulates the money price of labour which must always be such as to enable the labourer [illegible]
cient to [illegible]
in the lib[illegible]

in every period of improvement must bear a certain proportion to that of corn though this proportion is different in different periods

It regulates for example the money price of grass and hay of butcher's meat of horses, and the maintenance of horses of land carriage consequently or of the greater part of the inland commerce of the country

By regulating the money price of all the other parts of the rude produce of land it regulates that of the materials of almost all

[illegible]
The mo
that is
must ne
tion to the money price of corn

Though in consequence of the bounty therefore the farmer should be enabled to sell his corn for [illegible]
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four shillings will purchase no more home made goods of any other kind than three-and-sixpence would have done before neither the

much better In the purchase of foreign commodities this enhancement in the price of corn may give them some little advantage In that of home made commodities it can give them none at all And almost the whole expense of the farmer and the far greater

consequence to any particular country The consequent rise of all money prices though it does not make those who receive them really richer does not make them really poorer A service of plate becomes really cheaper and everything else remains precisely of the same real value as before

But that degradation in the value of silver which being the effect either of the peculiar situation or of the political institutions of a particular country takes place only in that country, is a matter of very great consequence which far from tending to make anybody really richer tends to make everybody really poorer The rise in the money

nations, by furnishing almost all sorts of goods for a smaller quantity of silver than its own workmen can afford to do, to undersell them, not only in the foreign, but even in the home market

It is the peculiar situation of Spain and

be *no more than the amount of the freight* and insurance, and, on account of the great value and small bulk of those metals, their freight is no great matter, and their insurance is the same as that of any other goods of equal value Spain and Portugal, therefore, could suffer very little from their peculiar situation, if they did not aggravate its dis-

run over the dam head as if there was no dam

straints, very near equal to the whole annual

Portugal must, in proportion to the annual

the annual produce of the land and labour of Spain and Portugal and to that of other countries It is said accordingly to be very considerable, and that you frequently find

there a profusion of plate in houses where there is nothing else which would, in other

two different ways They not only lower very much the value of the precious metals in Spain and Portugal, but by detaining there a certain quantity of those metals which would otherwise flow over other countries,

their proportion to the annual produce of

altogether nominal and imaginary The nominal value of their goods, and of the annual produce of their land and labour, would fall, and would be expressed or represented by a smaller quantity of silver than before, but their real value would be the same as before, and would be sufficient to maintain, command, and employ, the same quantity of labour As the nominal value of their goods would fall, the real value of what remained of their gold and silver would rise, and a smaller quantity of those metals would answer all the same purposes of commerce and *circulation* which had employed a greater quantity before The gold and silver which would go

by it Those goods would, probably, the greater part of them, and certainly some part of them, consist in materials, tools and provisions for the employment and maintenance of industrious people who would reproduce with a profit, the full value of their consumption A part of the dead stock of the society would thus be turned into active stock, and would put into motion a greater quantity of industry than had been employed before The annual produce of their land and labour would immediately be augmented a little, and in a few years would probably, be augmented a great deal their industry being thus relieved from one of the most oppressive bur

Whatever be the actual state of tillage it renders our corn somewhat dearer in the home market than it otherwise would be in that state and somewhat cheaper in the foreign

ticular not only to eat our corn cheaper than they otherwise could do but sometimes to eat it cheaper than even our own people can do

what dearer in every market and theirs somewhat cheaper than they otherwise would be, and consequently to give their industry a double advantage over our own

The bounty as it raises in the home market not so much the real as the nominal price of our corn as it augments not the quantity of labour which a certain quantity of corn can maintain and employ but only the quantity of silver which it will exchange for it discourages our manufactures without rendering any considerable service either to our farmers or country gentlemen It puts indeed a little more money into the pockets of both and it will perhaps be somewhat difficult to persuade the greater part of them that this is not rendering them a very considerable service But if this money sinks in its value in

whole commonwealth to whom the bounty either was or could be essentially serviceable These were the corn merchants the exporters and importers of corn In years of plenty the bounty necessarily occasioned a greater exportation than would otherwise have taken place and by hindering the plenty of one year from relieving the scarcity of another it occasioned in years of scarcity a greater importation than would otherwise have been necessary It increased the business of the corn merchant in both and in years of scarcity, it not only enabled him to import a greater quantity, but to sell it for a better price and consequently with a greater profit than he could otherwise have made if the plenty of one year had not been more or less hindered from relieving the scarcity of another It is in this set of men accordingly that I have observed the greatest zeal for the continuance or renewal of the bounty

Our country gentlemen when they imposed the high duties upon the importation of foreign corn which in times of moderate plenty amount to a prohibition and when they established the bounty, seem to have imitated the conduct of our manufacturers By the one institution they secured to themselves the monopoly of the home market and by the other they endeavoured to prevent that market from ever being overstocked with their commodity By both they endeavoured to raise its real value in the same manner as our manufacturers had by the like institutions, raised the real value of many different sorts of manufactured goods They did not perhaps attend to the great and essential difference which nature has established between corn and almost every other sort of goods When either by the monopoly of the home market or by a bounty upon exportation you enable our woollen or linen manufacturers to sell their goods for somewhat a better price than they otherwise could get for them you raise not only the nominal but the real price of those goods You render them equivalent to a greater quantity of labour and subsistence you increase not only the nominal but the real profit, the real wealth and revenue of those manufacturers and you enable them either to live better themselves or to employ a greater quantity of labour in those

them of its own accord But when by the like institutions you raise the nominal or money price of corn you do not raise its real value You do not increase the real wealth the real revenue either of our farmers or country gentlemen You do not encourage the growth of

corn because you do not enable them to

marl et can raise that value The freest com petition cannot lower it Through the world

and determined corn is The real value of every other commodity is finally measured and determined by the proportion which its average money price bears to the average money price of corn The real value of corn does not vary with those variations in its average money price which sometimes occur from one century to another It is the real value of silver which varies with them

the *objection of forcing some part of* the in dustry of the country into a channel less advantageous than that in which it would run of its own accord and secondly to the particular objection of forcing it not only into a channel that is less advantageous but into one that is actually disadvantageous the trade which cannot be carried on but by means of a bounty being necessarily a losing *trade The bounty upon the exportation of*

in imitation of our merchants and manufac turers they did not act with that complete comprehension of their own *interest which* commonly directs the conduct of these two other orders of people They loaded the pub lic revenue with a very considerable expense they imposed a very heavy tax upon the whole body of the people but they did not in any sensible degree increase the real value of their own commodity and by lowering somewhat the real value of silver they dis-

impose *only* one tax upon the people that which they must contribute in order to pay the bounty Instead of raising it would tend to lower the price of the commodity in the home market and thereby instead of im posing a second tax upon the people it might, at least in part repay them for what they had contributed to the first Bounties upon production however have been very rarely granted The prejudices established by the commercial system have taught us to believe that national wealth arises more immediately from exportation than from production It has been more favoured accordingly as the more immediate means of bringing money

That bounties upon exportation have been abused to many fraudulent purposes is very well known But it is not the interest of merchants and manufacturers the great in ventors of all these expedients that the home market should be overstocked with their goods an event which a bounty upon production might sometimes occasion A bounty upon exportation by enabling them to send abroad the surplus part and to keep up the price of what remains in the home market

bounty upon corn must have been wonder fully different if it has lowered the money *price of that commodity*

Something like a bounty upon production however has been granted upon some particu lar occasions The tonnage bounties given to

the capital of the country is employed in bringing goods to market, of which the price

does not repay the cost together with the ordinary profits of stock

But though the tonnage bounties of those fisheries do not contribute to the opulence of the nation, it may perhaps be thought that they contribute to its defence by augmenting the number of its sailors and shipping This, it may be alleged, may sometimes be done by means of such bounties at a much smaller expense than by keeping up a great standing

tions however, the following considerations dispo e me to believe that, in granting at least one of these bounties the legislature has been very grossly imposed upon

First, the herring buss bounty seems too large

From the commencement of the winter fishing 1771, to the end of the winter fishing 1781, the tonnage bounty upon the herring buss fishery has been at thirty shillings the

herrings caught and cured at sea are called sea sticks In order to render them what are called merchantable herrings it is necessary

to 252 231¼ During these eleven years the tonnage bounties paid amounted to £155 463 11s or to 8s 2¼d upon every barrel of sea sticks and to 12s 3¾d upon every barrel of

all excise duty to the fish-curers The excise duty upon Scotch salt is at present 1s 6d, that upon foreign salt 10s the bushel A barrel of herrings is supposed to require about

if entered for home consumption whether the herrings were cured with foreign or with Scotch salt, only one shilling the barrel is paid up It was the old Scotch duty upon a bushel of salt the quantity which at a low estimation had been supposed necessary for curing a barrel of herrings In Scotland foreign salt is very little used for any other purpose but the curing of fish But from the 5th April 1771 to the 5th April 1782 the quantity of foreign salt imported amounted to 936 974 bushels, at eighty four pounds the bushel the quantity of Scotch salt, delivered from the works to the fish-curers, to no more than 168 226, at fifty six pounds the bushel only It would appear, therefore, that it is princi

barrel of buss caught herrings, cured with Scotch salt when exported has cost government 17s 11¾d and when entered for home consumption 14s 3¾d and that every barrel cured with foreign salt, when exported has cost government £1 7s 5¾d and when entered for home consumption £1 3s 9¾d The price of a barrel of good merchantable herrings runs from seventeen and eighteen to four and five and twenty shillings, about a guinea at an average[1]

Secondly, the bounty to the white herring fishery is a tonnage bounty and is proportioned to the burden of the ship not to her diligence or success in the fishery, and it has, I am afraid been too common for vessels to fit out for the sole purpose of catching not the fish but the bounty In the year 1759 when the bounty was at fifty shillings the ton the whole buss fishery of Scotland brought in only four barrels of sea sticks In that year each barrel of sea sticks cost government in

has been given (by busses or dec
from twenty to eighty tons burthen), seems

rowed Holland lies at a great dista
the seas to which herrings are known principally to resort and can therefore carry on that fishery only in decked vessels which can carry water and provisions sufficient for a voyage to a distant sea But the Hebrides or western islands the islands of Shetland and the northern and northwestern coasts of Scotland the countries in whose neighbourhood the herring fishery is principally carried

lochs that the herrings principally resort during the seasons in which they visit those seas for the visits of this and I am assured

[1] See the accounts at the end of the volume [appendix]

of many other sorts of fish are not quite regular and constant A boat fishery therefore seems to be the mode of fishing best adapted to the peculiar situation of Scotland the fishers carrying the herrings on shore as fast as they are taken to be either cured or consumed fresh But the great encouragement which a bounty of thirty shillings the ton gives to the buss fishery is necessarily a discouragement to the boat fishery which having no such bounty, cannot bring its cured fish to market upon the same terms as the buss fishery The boat fishery accordingly, which before the establishment of the buss bounty was very considerable and is said to have employed a number of seamen not inferior to what the buss fishery employs at present is now gone almost entirely to decay Of the former extent however of this now ruined and abandoned fishery I must acknowledge that I cannot pretend to speak with much precision As no bounty was paid upon the outfit of the boat fishery no account was taken of it by the officers of the customs or salt duties

Fourthly in many parts of Scotland during certain seasons of the year, herrings make no inconsiderable part of the food of the common people A bounty, which tended to lower their price in the home market might contribute a good deal to the relief of a great number of our fellow subjects whose circumstances are by no means affluent But the herring buss bounty contributes to no such good purpose It has ruined the boat fishery which is by far the best adapted for the supply of the home market and the additional bounty of 2s 8d the barrel upon exportation carries the greater part more than two-thirds of the produce of the buss fishery abroad Between thirty and forty years ago before the establishment of the buss bounty fifteen shillings the barrel I have been assured was the common price of white herrings Between ten and fifteen years ago before the boat fishery was entirely ruined the price is said to have run from seventeen to twenty shillings the barrel For these last five years it has at an average been at twenty five shillings the barrel This high price however may have been owing to the real scarcity of the herrings upon the coast of Scotland I must observe too that the cask or barrel which is usually sold with the herrings and of which the price is included in all the foregoing prices has since the commencement of the American war risen to about double its former price or from about three shillings to about six shillings I must likewise observe that the accounts I have received of the prices of former times have been by no means quite uniform and consistent and an old man of great accuracy and experience has assured me that more than fifty years ago a guinea was the usual price of a barrel of good merchantable herrings and this I imagine may still be looked upon as the average price All accounts however I think agree that the price has not been lowered in the home market in consequence of the buss bounty

When the undertakers of fisheries after such liberal bounties have been bestowed upon them continue to sell their commodity at the same or even at a higher price than they were accustomed to do before it might be expected that their profits should be very great, and it is not improbable that those of some individuals may have been so In general however I have every reason to believe they have been quite otherwise The usual effect of such bounties is to encourage rash undertakers to adventure in a business which they do not understand and what they lose by their own negligence and ignorance more than compensates all that they can gain by the utmost liberality of government In 1750 by the same act which first gave the bounty of thirty shillings the ton for the encouragement of the white-herring fishery (the 23rd George II c 24) a joint stock company was erected with a capital of five hundred thousand pounds to which the subscribers (over and above all other encouragements the tonnage bounty just now mentioned the exportation bounty of two shillings and eightpence the barrel the delivery of both British and foreign salt duty free) were during the space of fourteen years for every hundred pounds which they subscribed and paid in to the stock of the society entitled to three pounds a year to be paid by the receiver general of the customs in equal half yearly payments Besides this great company the residence of whose governor and directors was to be in London it was declared lawful to erect different fishing-chambers in all the different out ports of the kingdom provided a sum not less than ten thousand pounds was subscribed into the capital of each to be managed at its own risk and for its own profit and loss The same annuity and the same encouragements of all kinds were given to the trade of those inferior chambers as to that of the great company The subscription of the great company was soon filled up and several different fishing chambers were erected in the different out ports of the kingdom In spite of all these encouragements almost all those different companies both great and small lost either the whole or the greater part of their capitals scarce a vestige now remains of any of them and the white herring fishery is now entirely or almost entirely, carried on by private adventurers

If any particular manufacture was necessary indeed for the defence of the society it

all the other branches of industry should be taxed in order to support it The bounties upon the exportation of British made sail cloth and British made gunpowder may perhaps both be vindicated upon this principle

But though it can very seldom be reasonable to tax the industry of the great body of the people in order to support that of some particular class of manufacturers yet in the wantonness of great prosperity when the public enjoys a greater revenue than it knows well what to do with to give such bounties to favourite manufactures may perhaps be as natural as to incur any other idle expense In public as well as in private expenses great

What is called a bounty is sometimes no more than a drawback and consequently is not liable to the same objections as what is properly a bounty The bounty for example upon refined sugar exported may be considered as a drawback of the duties upon the brown and muscovado sugars from which it is made The bounty upon wrought silk exported a drawback of the duties upon raw and thrown silk imported The bounty upon gunpowder exported a drawback of the duties upon brimstone and saltpetre imported In the language of the customs those allowances only are called drawbacks which are given upon goods exported in the same form in which they are imported When that form has been so altered by manufacture of any kind as to come under a new denomination they are called bounties

Premiums given by the public to artists and manufacturers who excel in their particular occupations are not liable to the same objections as bounties By encouraging extraordinary dexterity and ingenuity they serve to keep up the emulation of the workmen actually employed in those respective occupations and are not considerable enough to

ployments but to render the work which is

the public in one year more than three hundred thousand pounds

DIGRESSION CONCERNING THE CORN TRADE AND CORN LAWS

I cannot conclude this chapter concerning bounties without observing that the praises which have been bestowed upon the law which establishes the bounty upon the exportation of corn and upon that system of regulations which is connected with it are altogether unmerited A particular examination of the nature of the corn trade and of the principal British laws which relate to it will sufficiently demonstrate the truth of this assertion The great importance of this subject must justify the length of the digression

The trade of the corn merchant is composed of four different branches which though they may sometimes be all carried on by the same person are in their own nature four separate and distinct trades These are first the trade of the inland dealer secondly that of the merchant importer for home consumption thirdly that of the merchant exporter of home produce for foreign consumption and fourthly that of the merchant carrier or of the importer of corn in order to export it again

I The interest of the inland dealer and that of the great body of the people how opposite soever they may at first sight appear are even in years of the greatest scarcity

price he discourages the consumption and puts everybody more or less but particularly the inferior ranks of people upon thrift and

for some time after the next crop begins to come in he runs the hazard not only of losing a considerable part of his corn by natural causes but of being obliged to sell what remains of it for much less than what he might

consumption of the season he not only loses a part of the profit which he might otherwise have made but he exposes the people to suffer before the end of the season instead of the hardships of a dearth the dreadful horrors of a famine It is the interest of the people that their daily weekly and monthly consumption should be proportioned as exact

ly as possible to the supply of the season The interest of the inland corn dealer is the same

ly sales enable him to judge, with more or less accuracy, how far they really are supplied in this manner Without intending the interest of the people he is necessarily led by a regard to his own interest, to treat them even in years of scarcity pretty much in the same manner as the prudent master of a vessel is sometimes obliged to treat his crew When he foresees that provisions are likely to run short he puts them upon short allowance Though from excess of caution he should sometimes do this without any real necessity yet all the inconveniences which his crew can thereby suffer are inconsiderable in

from a famine in the end of the season are inconsiderable in comparison of what they might have been exposed to by a more liberal way of dealing in the beginning of it The

company of merchants to possess themselves of the whole crop of an extensive country it

of purchasing but supposing they were capable of purchasing it the manner in which it is produced renders this purchase altogether impracticable As in every civilised country it is the commodity of which the annual consumption is the greatest so a greater quantity of industry is annually employed in producing corn than in producing any other commodity When it first comes from the ground too it is necessarily divided among a greater number of owners than any other *commodity* and *these owners can never be* collected into one place like a number of in

plenty of the season

Whoever examines with attention the history of the dearths and famines which have afflicted any part of Europe during either the course of the present or that of the two preceding centuries of several of which we have pretty exact accounts will find I be

in by far the greatest number of cases by the fault of the seasons and that a famine has never arisen from any other cause but the violence of government attempting by improper means to remedy the inconveniences of a dearth

can never be so great as to produce a famine and the scantiest crop if managed w

galitv and economy will maintain through the year the same number of people that are commonly fed on a more affluent manner by one of mo lerate plenty The seasons most un favourable to the crop are those of exces sive drought or excessive rain But as corn grows equally upon high and low lands upon grounds that are disposed to be too wet and upon tho e that are disposed to be too dry either the drought or the rain which is hurt ful to one part of the country is favourable to another and though both in the wet and in the dry season the crop is a good deal less than in one more properly tempered yet in both what is lost in one part of the country is in some measure compensated by what is gained in the other In rice countries where the crop not only requires a very moist soil but where in a certain period of its growing it must be laid under water the effects of a drought are much more dismal Even in such countries however the drought is perhaps scarce eve

casion a
allow a fr
few years
sioned a
regulation
posed by the servants of the East India Company upon the rice trade contributed perhaps to turn that dearth into a famine

produce a famine even in the beginning of the season or if they bring it thither it enables *the people and thereby encourages them to* consume it so fast as must necessarily produce a famine before the end of the season The unlimited unrestrained freedom of the corn trade as it is the only effectual preventative of the miseries of a famine so it is the best palliative of the inconveniences of a dearth for the inconveniences of a real scarcity cannot be remedied they can only be palliated No trade deserves more the full protection of the law and no trade requires it so much because no trade is so much exposed to popular odium

In years of scarcity the inferior ranks of people impute their distress to the avarice of the corn merchant who becomes the object of their hatred and indignation Instead of

some farmers to furnish him for a certain number of years with a certain quantity of corn at a certain price This contract price is settled according to what is supposed to be

and for that of other grain in propo ... years of scarcity, therefore the corn mer chant buys a great part of his corn for the

years of scarcity the only years in which it can be very profitable renders people of char acter and fortune averse to enter into it It is abandoned to an inferior set of dealers and millers bakers mealmen and meal fac tors together with a number of wretched hucksters are almost the only middle people that in the home market, come between the

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By the 5th and 6th of Edward VI c 14 it was enacted that whoever *should buy* any corn or grain with intent to sell it again ... engrosser and

better than that of England

Our ancestors seem to have imagined that the people would buy their corn cheaper of the farmer than of the corn merchant who they were afraid would require over and above the price which he paid to the farmer an exorbitant profit to himself They endeav oured therefore to annihilate his trade al together They even endeavoured to hinder as much as possible any middle man of any kind from coming in between the grower and the consumer and this was the meaning of the many restraints which they imposed upon the

trade of those whom they called kidders or carriers of corn a trade which nobody was al

quarter sessions

The ancient policy of Europe endeavoured ... manner to regulate agriculture the

tomers but either the consumers ... mediate factors the kidders and carriers of ... to exercise

est of the country or to ...
without perhaps its being well understood how this was to be done By the other it meant to promote that of a particular order of men the shopkeepers who would be so ... was ... ed if

... a shop

... a level with ... t have had the profit of a manufacturer on the one part so he must have had that of a shop keeper upon the other Let us suppose for example that in the particular town where ... profit ... stock ... every ... in his ... hen he ... shop ... rice for ... or

... ble profit upon the same piece of goods

the occasional demands ... d to employ the other in the cultivation of his land But as he could not afford to employ the latter for less than the ordinary profits of farming stock so he could as little afford to employ the former for less than the ordinary profits of mercantile stock Whether the stock which really carried on the business of the corn merchant belonged to the person who was called a farmer or to the person who was called a corn merchant an equal profit was in both cases requisite in order to indemnify its owner for employing it in this manner in order to put his business upon a level with other trades and in order to hinder him from having an interest to change it as soon as ... therefore ... ade of ... sell his ... rchant would have been ... case of a free competition

operation As the latter acquires a dexterity *which enables him with the same two hands* to perform a much greater quantity of work, so the former acquires so easy and ready a ... transacting his business of buying

afford his work a good ...
other can commonly afford his goods somewhat cheaper than if his stock and attention were both employed about a greater variety of objects The greater part of manufacturers could not afford to retail their own goods so cheap as a vigilant and active shopkeeper whose sole business it was to buy them at ... and to retail them again The

wholesale, to collect it into a great magazine, and to retail it again

The law which prohibited the manufacturer from exercising the trade of a shopkeeper endeavoured to force this division in the employment of stock to go on faster than it might otherwise have done The law which obliged the farmer to exercise the trade of a corn merchant endeavoured to hinder it from going on so fast Both laws were evident violations of natural liberty, and therefore unjust and they were both, too, as impolitic as they were unjust It is the interest of every society that things of this kind should never either be forced or obstructed The man who employs either his labour or his stock in a greater variety of ways than his situation renders necessary can never hurt his neighbour by underselling him He may hurt himself and he generally does so Jack of all trades will never be rich says the proverb But the law ought always to trust people with the care of their own interest as in their local situations they must generally be able to judge better of it than the legislator can do The law, however which obliged the farmer to exercise the trade of a corn merchant was by far the most pernicious of the two

It obstructed not only that division in the employment of stock which is so advantageous to every society but it obstructed likewise the improvement and cultivation of the land By obliging the farmer to carry on two trades instead of one it forced him to divide his capital into two parts of which one only could be employed in cultivation But if he had been at liberty to sell his whole crop to a corn merchant as fast as he could thresh it out his whole capital might have returned immediately to the land and have been employed in buying more cattle and hiring more servants in order to improve and cultivate it better But by being obliged to sell his corn by retail he was obliged to keep a great part of his capital in his granaries and stack yard through the year and could not therefore cultivate so well as with the same capital he might otherwise have done This law therefore necessarily obstructed the improvement of the land and in tead of tending to render corn cheaper must have tended to render it scarcer and therefore dearer than it would otherwise have been

After the business of the farmer that of the corn merchant is in reality the trade which if properly protected and encouraged would contribute the most to the raising of corn It would support the trade of the farmer in the same manner as the trade of the wholesale dealer supports that of the manufacturer

The wholesale dealer by affording a ready market to the manufacturer, by taking his goods off his hand as fast as he can make them, and by sometimes even advancing their price to him before he has made them, enables him to keep his whole capital and sometimes even more than his whole capital constantly employed in manufacturing and consequently to manufacture a much greater quantity of goods than if he was obliged to dispose of them himself to the immediate consumers or even to the retailers As the capital of the wholesale merchant, too is generally sufficient to replace that of many manufacturers this intercourse between him and them interests the owner of a large capital to support the owners of a great number of small ones and to assist them in those losses and misfortunes which might otherwise prove ruinous to them

An intercourse of the same kind universally established between the farmers and the corn merchants would be attended with effects equally beneficial to the farmers They would be enabled to keep their whole capitals and even more than their whole capitals constantly employed in cultivation In case of any of those accidents to which no trade is more liable than theirs they would find in their ordinary customer, the wealthy corn merchant, a person who had both an interest to support them and the ability to do it and they would not as at present be entirely dependent upon the forbearance of their landlord or the mercy of his steward Were it possible as perhaps it is not to establish this intercourse universally and all at once were it possible to turn all at once the whole farming stock of the kingdom to its proper business the cultivation of land withdrawing it from every other employment into which any part of it may be at present diverted, and were it possible in order to support and assist upon occasion the operations of this great stock to provide all at once another stock almost equally great it is not perhaps very easy to imagine how great how extensive and how sudden would be the improvement which this change of circumstances would alone produce upon the whole face of the country

The statute of Edward VI therefore by prohibiting as much as possible any middle man from coming between the grower and the consumer endeavoured to annihilate a trade of which the free exercise is not only the best palliative of the inconveniences of a dearth but the best preventative of that calamity after the trade of the farmer, no trade contributing so much to the growing of corn as that of the corn merchant

The rigour of this law was afterwards softened by several subsequent statutes which successively permitted the engrossing of corn when the price of wheat should not exceed

twenty, twenty four, thirty two and forty shillings the quarter At last by the 15th of Charles II c 7, the engrossing or buying of

corn dealer has ever yet enjoyed was bestowed upon it by this statute The statute of the 12th of the present king[1] which repeals almost all the other ancient laws against engrossers and forestallers does not repeal the restrictions of this particular statute which therefore still continue in force

This statute however authorizes in some measure two very absurd popular prejudices

First it supposes that when the price of

can at no price be so engrossed by the inland

scarce any part of the new crop can be sold off and when it is impossible even for ignorance to suppose that any part of it can be so

corn either going to a particular market or in a particular market in order to sell it again soon after in the same market it must be because he judges that the market cannot be so liberally supplied through the whole season as upon that particular occasion and that the price therefore must soon rise If he judges

supplying themselves upon that particular market day because they may *afterwards* supply themselves just as cheap upon any other market day If he judges right instead of hurting the great body of the people he renders them a most important service By

[1] George III.—Ed

making them feel the inconveniencies of a dearth somewhat earlier than they otherwise might do he prevents their feeling them after*wards so severely as they certainly would do*

this as exactly as he can and as no other person can have either the same interest or the same knowledge or the same abilities to do it so exactly as he this most important operation of commerce ought to be trusted entirely to him or in other words the corn trade so far at least as concerns the supply of the home market ought to be left perfectly free

The popular fear of engrossing and forestalling may be compared to the popular terrors and suspicions of witchcraft The unfortunate wretches accused of this latter crime were not more innocent of the misfortunes imputed to them than those who have been accused of the former The law which put an end to all prosecutions against witchcraft which put it out of any man's power to gratify his own malice by accusing his neighbour of that imaginary crime seems effectually to

trade of corn would probably prove as effectual to put an end to the popular fears of

rived all the liberty and protection which it has ever yet enjoyed and both the supply of the home market and the interest of tillage are much more effectually promoted by the inland than either by the importation or exportation trade

upon the corn trade does not exceed that of one to five hundred and seventy For supplying the home market *therefore the* importance of the inland trade must be to that of the importation trade as five hundred and seventy to one

The average quantity of all sorts of

exported from Great Britain does not, according to the same author, exceed the one-and-thirtieth part of the annual produce For the encouragement of tillage therefore, by providing a market for the home produce, the importance of the inland trade must be to that of the exportation trade as thirty to one

I have no great faith in political arithmetic, and I mean not to warrant the exactness of either of these computations I mention them only in order to show of how much less consequence, in the opinion of the most judicious and experienced persons the foreign trade of corn is than the home trade The great cheapness of corn in the years immediately preceding the establishment of the bounty may perhaps with reason be ascribed in some measure to the operation of this statute of Charles II, which had been enacted about five-and twenty years before and which had therefore full time to produce its effect

A very few words will sufficiently explain all that I have to say concerning the other three branches of the corn trade

II The trade of the merchant importer of foreign corn for home consumption evidently contributes to the immediate supply of the home market and must so far be immediately beneficial to the great body of the people It

at all times free our farmers and country gentlemen would probably, one year with another get less money for their corn than they do at present when importation is at most times in effect prohibited but the money which they got would be of more value would buy more goods of all other kinds and would employ more labour Their real wealth their real revenue therefore, would be the same as at present, though it might be expressed by a smaller quantity of silver and they would neither be disabled nor discouraged from cultivating corn as much as they do at present On the contrary as the rise in the real value of silver in consequence of lowering the money price of corn, lowers somewhat the money price of all other commodities it gives the industry of the country, where it takes

general industry of the country where it grows or to the number of those who produce something else, and therefore have something else, or what comes to the same thing the price of something else, to give in exchange for corn But in every country the home market, as it is the nearest and most convenient, so is it likewise the greatest and most important market for corn That rise in the real value of silver, therefore, which is the effect of lowering the average money price of corn tends to enlarge the greatest and most important market for corn and thereby to encourage, instead of discouraging its growth

By the 22nd of Charles II c 13 the importation of wheat, whenever the price in the home market did not exceed fifty three shillings and fourpence the quarter was subjected to a duty of sixteen shillings the quarter and to a duty of eight shillings whenever the price did not exceed four pounds The former of these two prices has for more than a century past taken place only in times of very great scarcity and the latter has so far as I know not taken place at all Yet till wheat had risen above this latter price it was by this statute subjected to a very high duty[1] and till

strict execution of those laws might have

time the importation of foreign corn was

[1] Before the 13th of the present king the following were the duties payable upon the importation of the different sorts of grain —

Grain	*Duties*			*Duties*		*Duties*
Beans to 28s per qr	19s 10d	after till	40s	16s 8d.	then	12d
Barley to 28s	19s 10d		32s	16s		12d
Malt is prohibited by the annual Malt tax Bill						
Oats to 16s	5s 10d	after				9½d
Pease to 40s	16s 10d	after				9¾d
Rye to 36s	19s 10d	till	40s	16s 8d	then	12d
Wheat to 44s	21s 9d	till	53s 4d	17s	then	8s
till 4l and after that about 1s 4d						
Buckwheat to 32s per qr to pay 16s						

These different duties were imposed partly by the 22nd of Charles II in place of the Old Subsidy, partly by the New Subsidy by the One-third and Two thirds Subsidy and by the Subsidy 1747

necessity of these temporary statutes sufficiently demonstrates the impropriety of this general one

These restraints upon importation, though prior to the establishment of the bounty, were dictated by the same spirit, by the same principles, which afterwards enacted that regulation How hurtful soever in themselves, these or some other restraints upon importation became necessary in consequence of that regulation If, when wheat was either below forty-eight shillings the quarter, or not much above it, foreign corn could have been imported either duty free, or upon paying only a small

was to extend the market for the home growth, not that for the growth of foreign countries

III The trade of the merchant exporter of corn for foreign consumption certainly does not contribute directly to the plentiful supply of the home market It does so, however, indirectly From whatever source this supply may be usually drawn, whether from home growth or from foreign importation, unless more corn is either usually grown, or usually

more, than what the bare consumption of the home market requires That market will very seldom be overstocked but it will generally be understocked, the people whose business it is to supply it being generally afraid lest their goods should be left upon their hands The prohibition of exportation limits the improvement and cultivation of the country to what the supply of its own inhabitants requires The freedom of exportation enables it to extend cultivation for the supply of foreign nations

By the 12th of Charles II, c 4, the exportation of corn was permitted whenever the price of wheat did not exceed forty shillings the quarter and that of other grain in proportion By the 15th of the same prince, this

bounty, this small duty was virtually taken

inland dealer By the last of these statutes, corn could be engrossed at any price for ex-

tence of encouraging agriculture, to raise the

duties upon its importation, expedients to which Great Britain has been obliged so frequently to have recourse, sufficiently demonstrate the impropriety of her general system Had that system been good she would not so frequently have been reduced to the neces-

the continent, the easier the communication through all the different parts of it, both by land and by water, the less would a

particular part of it ever be exposed to either of these calamities the scarcity of any one country being more likely to be relieved by the plenty of some other But very few countries have entirely adopted this liberal system The freedom of the corn trade is almost everywhere more or less restrained and in many countries is confined by such absurd regulations as frequently aggravate the unavoidable misfortune of a dearth into the dreadful calamity of a famine The demand of such countries for corn may frequently become so great and so urgent that a small state in their neighbourhood which happened at the same time to be labouring under some degree of dearth could not venture to supply them without exposing itself to the like dreadful calamity The very bad policy of one country may thus render it in some measure dangerous and imprudent to establish what would otherwise be the best policy in another The unlimited freedom of exportation however would be much less dangerous in great states in which the growth being much greater the supply could seldom be much affected by any quantity of corn that was likely to be exported In a Swiss canton or in some of the little states of Italy it may perhaps sometimes be necessary to restrain the exportation of corn In such great countries as France or England it scarce ever can To hinder besides the farmer from sending his goods at all times to the best market is evidently to sacrifice the ordinary laws of justice to an idea of public utility to a sort of reasons of state an act of legislative authority which ought to be exercised only which can be pardoned only in cases of the most urgent necessity The price at which the exportation of corn is prohibited if it is ever to be prohibited ought always to be a very high price

The laws concerning corn may everyw[illegible] be compared to the law[illegible] The [illegible] in w[illegible] this [illegible] in a life to come that [illegible]ernment must yield to their prejudices and in order to preserve the public tranquillity establish that system which they approve of It is upon this account perhaps that we so seldom find a reasonable system established with regard to either of those two capital objects

IV The trade of the merchant carrier or of the importer of foreign corn in order to export it again contributes to the plentiful supply of the home market It is not indeed the direct purpose of his trade to sell his corn there But he will generally be willing to do so and even for a good deal less money than he might expect in a foreign market because he saves in this manner the expense of loading and unloading of freight and insurance The inhabitants of the country which by means of the carrying trade becomes the magazine and storehouse for the supply of other countries can very seldom be in want themselves Though the carrying trade might thus contribute to reduce the average money price of corn in the home market it would not thereby lower its real value It would only raise somewhat the real value of silver

The carrying trade was in effect prohibited in Great Britain upon all ordinary occasions by the high duties upon the importation of foreign corn of the greater part of which there was no drawback and upon extraordinary occasions when a scarcity made it necessary to suspend those duties by temporary statutes exportation was always prohibited By this system of laws therefore the carrying trade was in effect prohibited upon all occasions

That system of laws therefore which is connected with the establishment of the bounty, seems to deserve no part of the praise which has been bestowed upon it The improvement and prosperity of Great Britain which has been so often ascribed to those laws may very easily be accounted for by other causes That security which the laws in Great Britain give to every man that he shall enjoy the fruits of his own labour is alone sufficient to make any country flourish notwithstanding these and twenty other absurd regulations of commerce and this security was perfected by the revolution much about the same time that the bounty was established The natural effort of every individual to better his own condition when suffered to exert itself with freedom and security is so powerful a principle that it is alone and without any assistance not only capable of carrying on the society to wealth and prosperity but of surmounting a hundred impertinent obstructions with which the folly of human laws too often incumbers its operations though the effect of these obstructions is always more or less either to encroach upon its freedom or to diminish its security In Great Britain industry is perfectly secure and though it is far from being perfectly free it is as free or freer than in any other part of Europe

Though the period of the greatest prosperity and improvement of Great Britain has been posterior to that system of laws which is connected with the bounty we must not upon that account impute it to those laws It has been posterior likewise to the national debt But the national debt has most assuredly not been the cause of it

Though the system of laws which is connected with the bounty has exactly the same

tendency with the police of Spain and Portugal, to lower somewhat the value of the precious metals in the country where it takes place yet Great Britain is certainly one of the richest countries in Europe, while Spain and Portugal are perhaps among the most

any upwards of six millions sterling operate not only more directly but much more forci

to perpetuate their present state of poverty, even though their regulations of commerce were as wise as the greater part of them are absurd and foolish

The 13th of the present king c 43, seems to have established a new system with regard to the corn laws in many respects better than the ancient one, but in one or two respects

sixpence upon the quarter of wheat and upon that of other grain in proportion With regard to all these different sorts of grain but par-

lings the quarter, instead of forty-eight the price at which it ceased before that of two

the price at which it ceased before

soon as the price rises to twenty-eight shil

lings instead of thirty two the price at which it ceased before If bounties are as improper as I have endeavoured to prove them to be the sooner they cease, and the lower they are so much the better

The same statute permits at the lowest

Britain They are however the principal ones and there may not perhaps be warehouses proper for this purpose in the greater part of the others

So far this law seems evidently an improvement upon the ancient system

But by the same law a bounty of two shillings the quarter is given for the exportation of oats whenever the price does not exceed fourteen shillings No bounty had ever been

so soon as it rises to twenty-eight shillings

was given in order to force it is withdrawn The bounty ought certainly either to have been withdrawn at a much lower price or exportation ought to have been allowed at a much higher

So far therefore this law seems to be inferior to the ancient system With all its imperfections however we may perhaps say of it what was said of the laws of Solon that though not the best in itself it is the best *which the interests prejudices, and temper of the times would admit of* It may perhaps in due time prepare the way for a better

Chapter VI

Of Treaties of Commerce

When a nation binds itself by treaty either to permit the entry of certain goods from one foreign country which it prohibits from all

monopoly in the country which is so indulgent to them That country becomes a market both more extensive and more advantageous for their goods more extensive because the goods of other nations being either excluded or subjected to heavier duties it takes off a greater quantity of theirs more advantageous because the merchants of the

Such treaties however though they may be advantageous to the merchants and manufacturers of the favoured are necessarily dis

nations was admitted That part of its own produce with which such a nation purchases foreign goods must consequently be sold cheaper because when two things are exchanged for one another the cheapness of the

not replace the capital employed in bringing them to market together with the ordinary profits of stock The trade could not go on long if it did Even the favouring country, therefore may still gain by the trade though less than if there was a free competition

Some treaties of commerce however have been supposed advantageous upon principles very different from these and a commercial country has sometimes granted a monopoly of this kind against itself to certain goods of a foreign nation because it expected that in

Methuen has been so much commended The following is a literal translation of that treaty which consists of three articles only

Art I

His sacred royal majesty of Portugal promises both in his own name and that of his successors to admit for ever hereafter into Portugal the woollen cloths and the rest of the woollen manufactures of the British, as was accustomed till they were prohibited by the law nevertheless upon this condition

Art II

Portugal into Britain so that at no time whether there shall be peace or war between the kingdoms of Britain and France anything more shall be demanded for these wines by the name of custom or duty or by whatsoever other title directly or indirectly whether they shall be imported into Great Britain in pipes or hogsheads or other casks, than what *shall be demanded for the like quantity or*

in any manner be attempted and prejudiced it shall be just and lawful for his sacred royal majesty of Portugal again to prohibit the woollen cloths and the rest of the British woollen manufactures

Art III

The most excellent lords the plenipotentiaries promise and take upon themselves, that their above named masters shall ratify this treaty and within the space of two months the ratifications shall be exchanged

By *this treaty the crown* of Portugal becomes bound to admit the English woollens upon the same footing as before the prohibition that is not to raise the duties which had been paid before that time But it does not become bound to admit them upon any better terms than those of any other nation of France or Holland for example The crown of Great Britain on the contrary becomes bound to admit the wines of Portugal upon paying only two-thirds of the duty which is paid for those of France the wines most likely to come into competition with them *So far this treaty* therefore *is* evidently advantageous to Portugal and disadvantageous to Great Britain

land

razils

em

ployed in its domestic commerce whether in the shape of coin or of plate The surplus is too valuable to be allowed to lie idle and locked up in coffers and as it can find no advantageous market at home it must not

[1] Pedro II —Ed

[2] Queen Anne —Ed.

withstanding any prohibition be sent abroad, and exchanged for something for which there is a more advantageous market at home A *large share of it comes annually to England* in return either for English goods or for those of other European nations that receive their returns through England Mr Baretti was informed that the weekly packet boat from Lisbon brings one week with another more than fifty thousand pounds in gold to England The sum had probably been exaggerated It would amount to more than two millions six hundred thousand pounds a year which is more than the Brazils are supposed to afford

in return for much greater favours defence and protection from the crown of Great Britain had been either infringed or revoked The people therefore, usually most interested in celebrating the Portugal trade were then rather disposed to represent it as less advan

Britain nearly compensating the value of the British goods sent thither

Let us suppose however that the whole was on account of Great Britain and that it amounted to a still greater sum than Mr Baretti seems to imagine this trade would not upon that account be more advantageous than any other in which for the same value sent out we received an equal value of con

Portugal and afterwards to purchase with that gold those consumable goods A direct foreign trade of consumption is always more advantageous than a round-about one and to

Portugal market and a greater in producing

those fit for the other markets where those

procure both the gold which it wants for its own use, and the consumable goods would in this way, employ a much smaller capital than at present There would be a spare capital, therefore to be employed for other purposes in exciting an additional quantity of industry, and in raising a greater annual produce

The annual surplus of gold in Portugal besides would still be sent abroad and though not carried away by Great Britain would be carried away by some other nation which would be glad to sell it again for its price in the same manner as Great Britain does at present In buying gold of Portugal indeed we buy it at the first hand whereas in buying it of any other nation except Spain we should buy it at the second and might pay somewhat dearer This difference however would surely be too insignificant to deserve the public attention

Almost all our gold it is said comes from Portugal With other nations the balance of trade is either against us or not much in our favour But we should remember that the more gold we import from one country, the less we must necessarily import from all others The effectual demand for gold like that for every other commodity is in every country limited to a certain quantity If nine

war France and Spain without pretending either offence or provocation required the King of Portugal to exclude all British ships from his ports and for the security of this exclusion to receive into them French

Spanish garrisons Had the king of Portugal submitted to those ignominious terms which his brother in law the king of Spain proposed to him, Britain would have been freed from a much greater inconveniency than the loss of the Portugal trade, the burden of supporting a very weak ally, so unprovided of everything for his own defence that the whole power of England, had it been directed to

the merchants at that time engaged in it who might not perhaps have found out for a year or two any other equally advantageous method of employing their capitals and in this would probably have consisted all the inconveniency which England could have suffered from this notable piece of commercial policy

The great annual importation of gold and silver is neither for the purpose of plate nor of coin but of foreign trade A round-about foreign trade of consumption can be carried on more advantageously by means of these metals than of almost any other goods As they are the universal instruments of commerce they are more readily received in return for all commodities than any other goods and on account of their small bulk and great value it costs less to transport them backward and forward from one place to another than almost any other sort of merchandise and they lose less of their value by being so

considerable one

That any annual addition which it can

annual importation

It is the same case with the coin Nobody imagines I believe, that even the greater part of the annual coinage, amounting for ten years together, before the late reformation

the coinage is defrayed by the government the value of the coin even when it contains its full standard weight of gold and silver can never be much greater than that of an equal quantity of those metals uncoined because it requires only the trouble of going to the mint and the delay perhaps of a few weeks, to procure for any quantity of uncoined gold and silver an equal quantity of those metals in coin But, in every country the greater part of the current coin is almost always more or less worn or otherwise degenerated from its standard In Great Britain it was before the late reformation a good deal so the gold being more than two per

ciency The current price of gold bullion at market therefore instead of being the same with the mint price, or £46 14s 6d was then about £47 14s and sometimes about £48. When the greater part of the coin however was in this degenerate condition forty four guineas and a half fresh from the mint, would purchase no more goods in the market than any other ordinary guineas because when they came into the coffers of the merchant being confounded with other money they could not afterwards be distinguished without more trouble than the difference was worth Like other guineas they were worth no more than £46 14s 6d If thrown into the melting pot however, they produced without any sensible loss a pound weight of standard gold which could be sold at any time for between £47 14s and £48 either of gold or silver as fit for all the purposes of coin as that which had been melted down There was an evident profit therefore in melting down new coined money and it was done so instantaneously that no precaution of government could prevent it The operations of the mint were upon this account somewhat like the web of Penelope the work that was done in the day was undone in the night The mint was employed not so much in making daily additions to the coin as in replacing the

very best part of it which was daily melted down

Were the private people who carry their gold and silver to the mint to pay themselves for the coinage, it would add to the value of those metals in the same manner as the fash [illegible] to that of plate Coined gold and [illegible] ned [illegible] uld [illegible] the [illegible] duty because, the governm [illegible] ers where the exclusive privilege of coining no coin can come to market *cheaper* than they think proper to afford it If the duty was exorbitant indeed that is if it was very much above the real value of the labour and expense requisite for coinage false coiners both at home and abroad might be encouraged by the great difference between the value of bullion and that of coin to pour in so great a quantity of counterfeit money as might reduce the value of the government money In France however though the seignorage is eight per cent no sensible inconveniency of [illegible] to arise from it The dangers [illegible] posed [illegible] unter [illegible] or cor [illegible] a for [illegible] be in curred for the sake of a profit [illegible] r seven per cent

The seignorage in France raises the value of the coin higher than in proportion to the quantity of pure gold which it contains Thus by the edict of January 1726 the[1] mint price of fine gold of twenty four carats was fixed at seven hundred and forty livres nine *sous* and one denier one-eleventh the mark of eight Paris ounces The gold coin of France making an allowance for the remedy of the mint contains twenty-one carats and three fourths of fine gold and two carats one fourth of alloy The mark of standard gold therefore is worth no more than about six hundred and seventy one livres ten deniers But in France this mark of standard gold is coined into thirty Louis d'ors of twenty four livres each or into seven hundred and twenty livres The coinage therefore increases the value of a mark of standard gold bullion by the difference between six hundred and seventy-one livres ten deniers and seven hundred and twenty livres or by forty-eight livres nineteen *sous* and two deniers

A seignorage will in many cases take away altogether and will in all cases, diminish the profit of melting down the new coin This profit always arises from the difference between the quantity of bullion which the common currency ought to contain and that which it actually does contain If this difference is less than the seignorage there will be loss instead of profit If it is equal to the seignorage there will neither be profit nor loss If it is greater than the seignorage there will indeed be some profit but less than if there was no seignorage If before the late reformation of the gold coin for example there had been a seignorage of five per cent upon the coinage there would have been a loss of three per cent upon the melting down of the gold coin If the seignorage had been two per cent there would have been neither profit nor loss If the seignorage had been one per cent there would have been a profit but of one per cent only instead of two per cent Wherever money is received by tale, therefore and not by weight a seignorage is the most effectual preventative of the melting down of the coin and for the same reason of its exportation It is the best and heaviest pieces that are commonly either melted down or exported because it is upon such that the largest profits are made

The law for encouragement of the coinage by rendering it duty free was first enacted during the reign of Charles II for a limited time and afterwards continued by different prolongations, till 1769 when it was rendered perpetual The Bank of England in order to replenish their coffers with money are frequently obliged to carry bullion to the mint and it was more for their interest they probably imagined that the coinage should be at the expense of the government than at their own It was probably out of complaisance to this great company that the government agreed to render this law perpetual Should the custom of weighing gold however come to be disused as it is very likely to be on account of its inconveniency should the gold coin of England come to be received by tale as it was before the late recoinage this great company may perhaps find that they have upon this as upon some other occasions mistaken their own interest not a little

Before the late recoinage when the gold currency of England was two per cent below its standard weight as there was no seignorage it was two per cent below the value of that quantity of standard gold bullion which it ought to have contained When this great company therefore bought gold bullion in order to have it coined they were obliged to pay for it two per cent more than it was worth after coinage But if there had been a seignorage of two per cent upon the coinage the common gold currency though two per cent below its standard weight, would not

[1] See *Dictionnaire des Monnoies* vol i article *seigneurage* p 489 par M Abot de Bazinghen Conseiller Commissaire en la Cour des Monnoies à Paris.

withstanding have been equal in value to the quantity of standard gold which it ought to have contained the value of the fashion com pensating in this case the diminution of the weight They would indeed have had the seignorage to pay which being two per cent, their loss upon the whole transaction would have been two per cent exactly the same, but no greater than it actually was

If the seignorage had been five per cent, and the gol l c rrene only t o per cent be

had a seignorage of five per cent to pay upon the coinage their loss upon the whole trans action would in the same manner have been exactly two per cent

If the seignorage had been only one per cent and the gold currency two per cent below its standard weight the bank would in this case have lost only one per cent upon the price of the bullion but as they would like wise have had a seignorage of one per cent to pay, their loss upon the whole transaction would have been exactly two per cent in the

since the last recoinage whatever the bank might lose by the seignorage they would gain upon the price of the bullion and what ever they might gain upon the price of the bullion they would lose by the seignorage They would neither lose nor gain therefore upon the whole transaction and they would in this as in all the foregoing cases be ex actly in the same situation as if there was no seignorage

When the tax upon a commodity is so moderate as not to encourage smuggling the merchant who deals in it though he advances does not properly pay the tax as he gets it

gard to it there is in ordinary cases no last purchaser or consumer When the tax upon coinage therefore is so moderate as not to encourage false coining though everybody advances the tax nobody finally pays it be cause everybody gets it back in the advanced value of the coin

A moderate seignorage therefore would not in any case augment the expense of the bank or of any other private persons who carry their bullion to the mint in order to be coined and the want of a moderate seignorage does not in ar liminish it Whether

there is or is not a seignorage if the currency contains its full standard weight the coinage costs nothing to anybody, and if it is short of that weight the coinage must always cost the difference between the quantity of bul lion which ought to be contained in it, and that which actually is contained in it

The government therefore, when it de

persons are in the smallest degree benefited

tion of a seignorage upon the authority of a speculation which promises them no gain but only pretends to insure them from any loss In the present state of the gold coin and as long as it continues to be received by weight they certainly would gain nothing by such a change But if the custom of weighing the

gain or more properly the savings of the bank in consequence of the imposition of a seignorage would probably be very consider able The Bank of England is the only com pany which sends any considerable quantity of bullion to the mint and the burden of the annual coinage falls entirely, or almost en tirely upon it If this annual coinage had nothing to do but to repair the unavoidable losses and necessary wear and tear of the coin it could seldom exceed fifty thousand or at most a hundred thousand pounds But

that during the ten or twelve years immed ately preceding the late reformation of the gold coin the annual coinage amounted at an average to more than eight hundred and fifty thousand pounds But if there had been a seignorage of four or five per cent upon the gold coin it would probably even in the state in which things then were have put an effec tual stop to the business both of exportation and of the melting pot The bank instead of losing every year about two and a half per cent upon the bullion which was to be coined

curred the tenth part of that loss

The revenue allotted by Parliament for de-

fraying the expense of the coinage is but fourteen thousand pounds a year and the real expense which it costs the government or the fees of the officers of the mint do not upon ordinary occasions I am assured exceed the half of that sum The saving of so very small a sum or even the gaining of an other which could not well be much larger are objects too inconsiderable it may be thought to deserve the serious attention of government But the saving of eighteen or twenty thousand pounds a year in case of an event which is not improbable which has

Some of the foregoing reasonings and observations might perhaps have been more properly placed in those chapters of the first book which treat of the origin and use of money and of the difference between the real and the nominal price of commodities But as the law for the encouragement of coinage

constitutes the wealth of every nation It is one of its many admirable expedients for enriching the country

CHAPTER VII
Of Colonies
PART 1
Of the Motives for establishing new Colonies

THE interest which occasioned the first set

All the different states of ancient Greece possessed each of them but a very small territory, and when the people in any one of them multiplied beyond what that territory could easily maintain a part of them were sent in quest of a new habitation in some remote and distant part of the world the warlike neighbours who surrounded them on all sides rendering it difficult for any of them to enlarge very much its territory at home The colonies of the Dorians resorted chiefly to Italy and Sicily which in the times preceding the foundation of Rome were inhabited by barbarous and uncivilised nations those of the Ionians and Æolians the two other great tribes of the Greeks to Asia Minor and the islands of the Ægean Sea of which the inhabitants seem at that time to have been pretty much in the same state as those of Sicily and Italy The mother city though she considered the colony as a child at all times entitled to great favour and assistance and owing in return much gratitude

its own laws elected its own magistrates and made peace or war with its neighbours as an independent state which had no occasion to wait for the approbation or consent of the mother city Nothing can be more plain and distinct than the interest which directed every such establishment

Rome like most of the other ancient re

for such it was supposed to be a law was *made restricting the quantity of land which* any citizen could possess to five hundred jugera about three hundred and fifty English acres This law however though we read of its having been executed upon one or two occasions was either neglected or evaded and the inequality of fortunes went on continually increasing The greater part of the citi

he may carry on some little retail trade and

under an overseer who was likewise

little

farmer

the slaves of the rich for the benefit of their masters whose wealth authority and protection made it difficult for a poor freeman to maintain the competition against them The citizens therefore who had no land had scarce any other means of subsistence but the bounties of the candidates at the annual elections The tribunes when they had a mind to animate the people against the rich and the

became clamorous to get land and the rich and the great we may believe were perfectly determined not to give them any part of theirs To satisfy them in some measure therefore they frequently proposed to send out a new colony But conquering Rome was even upon such occasions under no necessity of turning out her citizens to seek their fortune if one may say so through the wide world without knowing where they were to settle She assigned them lands generally in the conquered provinces of Italy where being within the dominions of the republic they could never f m n ndependent

sort of garrison too in a newly conquered province of which the obedience might otherwise have been doubtful A Roman colony therefore whether we consider the nature of the establishment itself or the motives for making it was altogether different from a G eel one

The establishment of the European colonies in America and the West Indies arose from no necessity and though the utility which has resulted from them has been very great it is not altogether so clear and evident It was not understood at their first establishment and was not the motive either of that establishment or of the discoveries which gave occasion to it and the nature extent and limits of that utility are not perhaps well understood at this day

The Venetians during the fourteenth and fifteenth centuries carried on a very advan

the Turks of whom the Venetians were the enemies and this union of interest assisted by the money of Venice formed such a connection as gave the Venetians almost a monopoly of the trade

The great p fts of the Venet ans tempted

months arrived upon the coast of Indostan and thus completed a course of discoveries which had been pursued with great steadiness and with very little interruption for nearly a century together

Some years before this while the expectations of Europe were in suspense about the projects of the Portuguese of which the success appeared yet to be doubtful a Genoese pilot formed the yet more daring project of sailing to the East Indies by the West The

great appearing almost infinite to those who could not measure it or perhaps in order to increase somewhat more the marvellous of their own adventures in visiting regions so immensely remote from Europe The longer the way was by the East Columbus very justly concluded the shorter it would be by the West He proposed therefore to take that way as both the shortest and the surest and he had the good fortune to convince Isabella of Castile of the probability of his project He sailed from the port of Palos in August 1492 nearly five years before the expedition of Vasco de Gama set out from Portugal and after a voyage of between two

and three months discovered first some of the small Bahamas or Lucayan islands and afterwards the great island of St Domingo

But the countries which Columbus discovered either in this or in any of his subsequent voyages had no resemblance to those which he had gone in quest of Instead of the wealth cultivation and populousness of China and Indostan he found in St Domingo and in all the other parts of the new world which he ever visited nothing but a country quite covered with wood, uncultivated and inhabited only by some tribes of naked and miserable savages. He was not very willing however to believe that they were not the same with some of the countries described by Marco Polo, the first European who had visited or at least had left behind him any description of China or the East Indies and a very slight resemblance, such as that which he found between the name of Cibao a mountain in St. Domingo and that of Cipango mentioned by Marco Polo, was frequently sufficient to make him return to this favourite prepossession though contrary to the clearest evidence In his letters to Ferdinand and Isabella he called the countries which he had discovered the Indies He entertained no doubt but that they were the extremity of those which had been described by Marco Polo and that they were not very distant from the Ganges or from the countries which had been conquered by Alexander Even when at last convinced that they were different he still flattered himself that those rich countries were at no great distance and in a subsequent voyage accordingly went in quest of them along the coast of Terra Firma and towards the Isthmus of Darien

In consequence of this mistake of Columbus the name of the Indies has stuck to those unfortunate countries ever since and when it was at last clearly discovered that the new were altogether different from the old Indies the former were called the West in contradistinction to the latter which were called the East Indies

It was of importance to Columbus however that the countries which he had discovered whatever they were should be represented to the court of Spain as of very great consequence and in what constitutes the real riches of every country the animal and vegetable productions of the soil there was at that time nothing which could well justify such a representation of them

The Cori something between a rat and a rabbit and supposed by Mr Buffon to be the same with the Aperea of Brazil was the largest viviparous quadruped in St Domingo This species seems never to have been very numerous and the dogs and cats of the Spaniards are said to have long ago almost entirely extirpated it as well as some other tribes of a still smaller size These, however together with a pretty large lizard called the ivana or iguana constituted the principal part of the animal food which the land afforded

The vegetable food of the inhabitants though from their want of industry not very abundant was not altogether so scanty It consisted in Indian corn yams potatoes bananas etc plants which were then altogether unknown in Europe and which have never since been very much esteemed in it or supposed to yield a sustenance equal to what is drawn from the common sorts of grain and pulse which have been cultivated in this part of the world time out of mind

The cotton plant indeed afforded the material of a very important manufacture and was at that time to Europeans undoubtedly the most valuable of all the vegetable productions of those islands But though in the end of the fifteenth century the muslins and other cotton goods of the East Indies were much esteemed in every part of Europe the cotton manufacture itself was not cultivated in any part of it Even this production therefore could not at that time appear in the eyes of Europeans to be of very great consequence

Finding nothing either in the animals or vegetables of the newly discovered countries which could justify a very advantageous representation of them Columbus turned his view towards their minerals and in the richness of the productions of this third kingdom he flattered himself he had found a full compensation for the insignificancy of those of the other two The little bits of gold with which the inhabitants ornamented their dress and which he was informed they frequently found in the rivulets and torrents that fell from the mountains were sufficient to satisfy him that those mountains abounded with the richest gold mines St Domingo therefore was represented as a country abounding with gold and upon that account (according to the prejudices not only of the present time but of those times) an inexhaustible source of real wealth to the crown and kingdom of Spain When Columbus upon his return from his first voyage was introduced with a sort of triumphal honours to the sovereigns of Castile and Arragon the principal productions of the countries which he had discovered were carried in solemn procession before him The only valuable part of them consisted in some little fillets bracelets and other ornaments of gold and in some bales of cotton The rest were mere objects of vulgar wonder and curiosity some reeds of an extraordinary size some birds of a very beautiful plumage and some stuffed skins of the huge alligator and

manati, all of which were preceded by six or seven of the wretched natives whose singular colour and appearance added greatly to the novelty of the show

In consequence of the representations of Columbus the council of Castile determined to take possession of countries of which the inhabitants were plainly incapable of defending themselves The pious purpose of converting them to Christianity sanctified the injustice of the project But the hope of finding treasures of gold there was the sole motive which prompted him to undertake it and to give this motive the greater weight it was proposed by Columbus that the half of all

completely in six or eight years and when in order to find more it had become necessary

tenth and at last to a twentieth part of the gross produce of the gold mines The tax upon silver continued for a long time to be a fifth of the gross produce It was reduced to a tenth only in the course of the present century But the first adventurers do not ap

All the other enterprises of the Spaniards in the new world subsequent to those of Columbus seem to have been prompted by

this particular, they determined either to quit the country or to settle in it

Of all those expensive and uncertain projects however, which bring bankruptcy upon the greater part of the people who engage in them, there is none perhaps more perfectly ruinous than the search after new silver and gold mines It is perhaps the most disadvantageous lottery in the world, or the one in which the gain of those who draw the prizes bears the least proportion to the loss of those who draw the blanks for though the prizes are few and the blanks many the common price of a ticket is the whole fortune of a very rich man Projects of mining instead of replacing the capital employed in them together with the ordinary profits of stock commonly absorb both capital and profit They are the projects, therefore to which of all

their own good fortune that, wherever there is the least probability of success too great a share of it is apt to go to them of its own accord

But though the judgment of sober reason and experience concerning such projects has always been extremely unfavourable that of human avidity has commonly been quite otherwise The same passion which has suggested to so many people *the absurd idea* of the philosopher s stone, has suggested to

scarcity and that their scarcity has arisen from the very small quantities of them which nature has anywhere deposited in one place

necessary in order to penetrate to and get at them They flattered themselves that veins of those metals might in many places be found

dorado may satisfy us that even wi re not always exempt from such strange delusions More than a hundred years after the death of that great man the Jesuit Gumila was still convinced of the reality of that wonderful country, and expressed with great warmth and I dare to say *with great sincerity*, how happy he should be to carry the light of the gospel to a people who could so well reward the pious labours of their missionary

In the countries first discovered by the

Spaniards, no gold or silver mines are at present known which are supposed to be worth the working The quantities of those metals which the first adventurers are said to have found there had probably been very much magnified, as well as the fertility of the mines which were wrought immediately after the first discovery What those adventurers were reported to have found, however, was sufficient to inflame the avidity of all their countrymen Every Spaniard who sailed to America expected to find an Eldorado Fortune, too, did upon this what she has done upon

sought for

A project of commerce to the East Indies, therefore, gave occasion to the first discovery of the West A project of conquest gave occasion to all the establishments of the Spaniards in those newly discovered countries The motive which excited them to this conquest was a project of gold and silver mines, and a course of accidents, which no human wisdom could foresee, rendered this project much

successful It was more than a hundred years

Part 2

Causes of Prosperity of New Colonies

The colony of a civilised nation which takes possession either of a waste country, or of one so thinly inhabited that the natives easily give place to the new settlers, advances more *rapidly* to wealth and greatness than any other human society

The colonists carry out with them a knowledge of agriculture and of other useful arts superior to what can grow up of its own ac

barbarous nations, the natural progress of law and government is still slower than the natu

no rent, and scarce any taxes to pay No landlord shares with him in its produce and the share of the sovereign is commonly but a trifle He has every motive to render as great as possible a produce, which is thus to be almost entirely his own But his land is commonly so extensive that, with all his own industry, and with all the industry of other people whom he can get to employ, he can seldom make it produce the tenth part of *what it is capable of producing He is eager,* therefore, to collect labourers from all quarters, and to reward them with the most liberal wages But those liberal wages, joined to the plenty and cheapness of land, soon make those labourers leave him, in order to become landlords themselves, and to reward, with equal liberality, other labourers, who soon leave them for the same reason that they left their first master The liberal reward of labour encourages marriage The children, during the tender years of infancy, are well fed and properly taken care of and when they are grown up, the value of their labour greatly overpays their maintenance When arrived at maturity, the high price of labour, and the low price of land, enable them to establish themselves in the same manner as their fathers did before them

In other countries, rent and profit eat up wages, and the two superior orders of people

lands of the greatest natural fertility are to be had for a trifle The increase of revenue which the proprietor, who is always the undertaker, expects from their improvement, constitutes his profit which in these circumstances is commonly very great But this great profit cannot be made without employing the labour of other people in clearing and cultivating the land and the disproportion between the great extent of the land and the small number of the people, which commonly takes place in new colonies makes it difficult for him to get this labour He does not, therefore, dispute about wages but is willing to employ labour at any price The high wages of labour encourage population The cheapness and plenty of good land encourage improvement, and enable the proprietor to pay those high wages In those wages consists almost the whole price of the land and though they are high considered as the wages of labour, they are low considered as the price of what is so very valuable What encourages the progress of population and improvement encourages that of real wealth and greatness

The progress of many of the ancient Greek colonies towards wealth and greatness seems accordingly to have been very rapid In the course of a century or two several of them appear to have rivalled and even to have surpassed their mother cities Syracuse and Agrigentum in Sicily Tarentum and Locri in Italy Ephesus and Miletus in Lesser Asia appear by all accounts to have been at least equal to any of the cities of ancient Greece Though posterior in their establishment yet all the arts of refinement, philosophy poetry and eloquence seem to have been cultivated as early and to have been improved as highly in them as in any part of the mother country The schools of the two oldest Greek philosophers those of Thales and Pythagoras were established it is remarkable not in ancient Greece but the one in an Asiatic the other in an Italian colony All those colonies had established themselves in countries inhabited by savage and barbarous nations who easily gave place to the new settlers They had plenty of good land and as they were altogether independent of the mother city they were at liberty to manage their own affairs in the way that they judged was most suitable to their own interest

The history of the Roman colonies is by no means so brilliant Some of them indeed such as Florence have in the course of many ages and after the fall of the mother city grown up to be considerable states But the progress of no one of them seems ever to have been very rapid They were all established in conquered provinces which in most cases had been fully inhabited before The quantity of land assigned to each colonist was seldom very considerable, and as the colony was not independent, they were not always at liberty to manage their own affairs in the way they judged was most suitable to their own interest

In the plenty of good land the European colonies established in America and the West Indies resemble, and even greatly surpass, those of ancient Greece In their dependency upon the mother state, they resemble those of ancient Rome but their great distance from Europe has in all of them alleviated more or less the effects of this dependency Their situation has placed them less in the view and less in the power of their mother country In pursuing their interest their own way, their conduct has upon many occasions, been overlooked, either because not known or not understood in Europe and upon some occasions it has been fairly suffered and submitted to because their distance rendered it difficult to restrain it Even the violent and arbitrary government of Spain has upon many occasions, been obliged to recall or soften the orders which had been given for the government of her colonies for fear of a general insurrection The progress of all the European colonies in wealth population and improvement has accordingly been very great

The crown of Spain, by its share of the gold and silver derived some revenue from its colonies from the moment of their first establishment It was a revenue too of a nature to excite in human avidity the most extravagant expectations of still greater riches The Spanish colonies, therefore from the moment of their first establishment attracted very much the attention of their mother country while those of the other European nations were for a long time in a great measure neglected The former did not perhaps thrive the better in consequence of this attention, nor the latter the worse in consequence of this neglect In proportion to the extent of the country which they in some measure possess the Spanish colonies are considered as less populous and thriving than those of almost any other European nation The progress even of the Spanish colonies however in population and improvement has certainly been very rapid and very great The city of Lima founded since the conquest is represented by Ulloa as containing fifty thousand inhabitants near thirty years ago Quito which had been but a miserable hamlet of Indians is represented by the same author as in his time equally populous Gemelli Carreri a pretended traveller it is said indeed but who seems everywhere to have written upon extremely good information represents the city of Mexico as containing a hundred thousand inhabi-

tants, a number which in spite of all the exaggerations of the Spanish writers, is, prob- [illegible]

strength seems to have been a good deal inferior to that of a common ass The plough was unknown among them They were ignorant of the use of iron They had no coined money, nor any *established instrument of* commerce of any kind Their commerce was carried on by barter. A sort of wooden spade was their principal instrument of agriculture Sharp stones served them for knives and hatchets to cut with, fish bones and the hard sinews of certain animals served them for *needles* to sew *with*, and these seem to have [illegible] le In [illegible] that [illegible] n so [illegible] as at present, when they are plentifully furnished with all sorts of European cattle, and when *the use of iron, of the plough, and of* many of the arts of Europe, has been introduced among them But the populousness of every country must be in proportion to the degree of its improvement and cultivation In spite of the cruel destruction of the natives which fol- [illegible] are [illegible] eve [illegible] ver [illegible] apprehend, that the Spanish creoles are in many respects superior to the ancient Indians

After the settlements of the Spaniards, that [illegible]

as it afforded, *upon that account*, little *or* no revenue to the crown, *it* was *for* a long time [illegible]

by the Dutch, who got possession of seven of the fourteen provinces into which it is divided They expected soon to conquer the other seven, when Portugal recovered its independency by the elevation of the family of Braganza to the throne The Dutch then, as enemies to the Spaniards became friends to the Portuguese, who were likewise the enemies of the Spaniards They agreed, therefore, to leave that part of Brazil, which they had not conquered, to the King of Portugal, who *agreed to leave that part which they had* conquered to them, as a matter not worth disputing about with such good allies But the Dutch government soon began to oppress the Portuguese colonists, who, instead of amusing themselves with complaints, took arms against their new masters, and by their own *valour and resolution, with the connivance*, indeed, but without any avowed assistance from the mother country, drove them out of Brazil The Dutch, therefore, finding it impossible to keep any part of the country to [illegible]

or descended from Portuguese, creoles, mulattoes, and a mixed race between Portuguese and Brazilians No one colony in America is supposed to contain so great a number of people of European extraction

Towards the end of the fifteenth, and during the greater part of the sixteenth century, Spain and Portugal were the two great naval powers upon the ocean, for though the commerce of Venice extended to every part of Europe, its fleets had scarce ever sailed be- [illegible]

French, who attempted to settle in Florida, were all murdered by the Spaniards But the declension of the naval power of this latter nation, in consequence of the defeat or miscarriage of what they called their Invincible Armada which happened *towards the end of the sixteenth century, put it out of their* power to obstruct any longer the settlements of the other European nations In the course of the seventeenth century, therefore, the English, French Dutch Danes, and Swedes, all the great nations who had any ports upon the ocean attempted to make some settlements in the new world

The Swedes established themselves in New Jersey, and the number of Swedish families still to be found there sufficiently demonstrates that this colony was very likely to [illegible]

These little settlements too were under the government of an exclusive company, which had the sole right both of purchasing the surplus produce of the colonists and of supplying them with such goods of other countries as they wanted and which therefore, both in its purchases and sales had not only the power of oppressing them but the greatest temptation to do so The government of an exclusive company of merchants is perhaps the worst of all governments for any country whatever It was not however able to stop altogether the progress of these colonies though it rendered it more slow and languid The late King of Denmark dissolved this company and since that time the prosperity of these colonies has been very great

The Dutch settlements in the West as well as those in the East Indies were originally put under the government of an exclusive company The progress of some of them therefore though it has been considerable in comparison with that of almost any country that has been long peopled and established has been languid and slow in comparison with that of the greater part of new colonies The colony of Surinam though very considerable is still inferior to the greater part of the sugar colo es of the other E ropean nat ons The

able too even though it had remained under the government of the Dutch The plenty and cheapness of good land are such powerful causes of prosperity that the very worst government is scarce capable of checking altogether the efficacy of their operation The great distance too from the mother country would enable the colonists to evade more or less by smuggling the monopoly which the company enjoyed against them At present the company allows all Dutch ships to trade to Surinam upon paying two and a half per cent upon the value of their cargo for a licence and only reserves to itself exclusively the direct trade from Africa to America which consists almost entirely in the slave trade This relaxation in the exclusive privi

the Dutch are free ports open to the ships of all nations and this freedom in the midst of better colonies whose ports are open to those of one nation only has been the great cause of the prosperity of those two barren islands

The French colony of Canada was during the greater part of the last century and some part of the present, under the government of an exclusive company Under so unfavourable an administration its progress was necessarily very slow in comparison with that of other new colonies but it became much more rapid when this company was dissolved after the fall of what is called the Mississippi scheme When the English got possession of this country they found in it near double the number of inhabitants which Father Charlevoix had assigned to it between twenty and thirty years before That Jesuit had travelled over the whole country and had no inclination to represent it as less considerable than it really was

The French colony of St Domingo was established by pirates and freebooters who for a long time neither required the protection *nor acknowledged the authority of France* and when that race of banditti became so far citizens as to acknowledge this authority it was for a long time necessary to exercise it with very great gentleness During this period the population and improvement of this colony increased very fast Even the oppression of the exclusive company to which it was for some time subjected with all the other col

sion It is now the most important of the sugar colonies of the West Indies and its

an very thriving

But there are no colonies of which the progress has been more rapid than that of the English in North America

Plenty of good land and liberty to manage their own affairs their own way seem to be the two great causes of the prosperity of all new colonies

In the plenty of good land the English colonies of North America though no doubt very abundantly provided are however inferior to those of the Spaniards and Portuguese and not superior to some of those possessed by the French before the late war But the political institutions of the English colonies have been more favourable to the improvement and cultivation of this land than those of any of the other three nations

First the engrossing of uncultivated land though it has by no means been prevented altogether has been more restrained in the English colonies than in any other The colony law which imposes upon every proprietor the obligation of improving and cultivating within a limited time a certain proportion of his lands and which in case of failure declares those neglected lands grantable to any

other person, though it has not, perhaps, been very strictly executed, has, however, had some effect

inheritance of land, is much more favourable to the younger children than the law of England. But in the French colonies, if any part of an estate, held by the noble tenure of chivalry and homage, is alienated, it is, for a limited time, subject to the right of redemption, either by the heir of the superior or by the heir of the family, and all the largest estates of the country are held by such noble tenures, which necessarily embarrass alienation.

of land, is likely to afford a greater and more valuable produce than that of any of the other three nations, which, by the engrossing of land, is more or less diverted towards other employments.

Thirdly, the labour of the English colonists is not only likely to afford a greater and more valuable produce, but, in consequence of the moderation of their taxes, a greater proportion of this produce belongs to themselves, which they may store up and employ in putting into motion a still greater quantity of

the contrary, have hitherto been defended almost entirely at the expense of the mother

been very moderate. It has generally been confined to what was necessary for paying competent salaries to the governor, to the judges, and to some other officers of police, and for maintaining a few of the most useful public works. The expense of the civil es-

New York and Pennsylvania, £4500 each. That of New Jersey, £1200. That of Virginia and South Carolina, £8000 each. The civil establishment of Nova Scotia and Georgia are partly supported by an annual grant of Par-

indeed that of defence and protection has constantly fallen upon the mother country. The ceremonial, too, of the civil government in the colonies, upon the reception of a new governor, upon the opening of a new assembly, etc., though sufficiently decent, is not accompanied with any expensive pomp or parade. Their ecclesiastical government is conducted upon a plan equally frugal. Tithes are unknown among them, and their clergy, who are far from being numerous, are maintained either by moderate stipends or by the voluntary contributions of the people. The power of Spain and Portugal, on the contrary,

[1] *Jus majoratus*

derives some support from the taxes levied upon their colonies France indeed has never drawn any considerable revenue from its colonies the taxes which it levies upon them being generally spent among them But the colony government of all these three nations is conducted upon a much more expensive ceremonial The sums spent upon the reception of a new viceroy of Peru for example have frequently been enormous Such ceremonials are not only real taxes paid by the rich colonists upon those particular occasions but they serve to introduce among them the habit of vanity and expense upon all other occasions They are not only very grievous occasional taxes but they contribute to establish perpetual taxes of the same kind still more grievous the ruinous taxes of private luxury and extravagance In the colonies of all those three nations too the ecclesiastical government is extremely oppressive Tithes take place in all of them and are levied with the utmost rigour in those of Spain and Portugal All of them besides are oppressed with a numerous race of mendicant friars whose beggary being not only licensed but consecrated by religion is a most grievous tax upon the poor people who are most carefully taught that it is a duty to give and a very great sin to refuse them their charity Over and above all this the clergy are in all of them the greatest engrossers of land

Fourthly in the disposal of their surplus produce or of what is over and above their own consumption the English colonies have been more favoured and have been allowed a more extensive market than those of any other European nation Every European nation has endeavoured more or less to monopolise to itself the commerce of its colonies and upon that account has prohibited the ships of foreign nations from trading to them and has prohibited them from importing European goods from any foreign nation But the manner in which this monopoly has been exercised in different nations has been very different

Some nations have given up the whole commerce of their colonies to an exclusive company of whom the colonists were obliged to buy all such European goods as they wanted and to whom they were obliged to sell the whole of their own surplus produce It was the interest of the company therefore not only to sell the former as dear and to buy the latter as cheap as possible but to buy no more of the latter even at this low price than what they could dispose of for a very high price in Europe It was their interest not only to degrade in all cases the value of the surplus produce of the colony but in many cases to discourage and keep down the natural increase of its quantity Of all the expedients that can well be contrived to stunt the natural growth of a new colony that of an exclusive company is undoubtedly the most effectual This however has been the policy of Holland though their company in the course of the present century has given up in many respects the exertion of their exclusive privilege This too was the policy of Denmark till the reign of the late king[1] It has occasionally been the policy of France and of late since 1755, after it had been abandoned by all other nations on account of its absurdity it has become the policy of Portugal with regard at least to two of the principal provinces of Brazil, Fernambuco and Marannon

Other nations without establishing an exclusive company have confined the whole commerce of their colonies to a particular port of the mother country from whence no ship was allowed to sail but either in a fleet and at a particular season or if single in consequence of a particular licence which in most cases was very well paid for This policy opened indeed the trade of the colonies to all the natives of the mother country provided they traded from the proper port at the proper season and in the proper vessels But as all the different merchants who joined their stocks in order to fit out those licensed vessels would find it for their interest to act in concert the trade which was carried on in this manner would necessarily be conducted very nearly upon the same principles as that of an exclusive company The profit of those merchants would be almost equally exorbitant and oppressive The colonies would be ill supplied and would be obliged both to buy very dear and to sell very cheap This however till within these few years, had always been the policy of Spain and the price of all European goods accordingly is said to have been enormous in the Spanish West Indies At Quito we are told by Ulloa a pound of iron sold for about four and sixpence and a pound of steel for about six and ninepence sterling But it is chiefly in order to purchase European goods that the colonies part with their own produce The more therefore they pay for the one the less they really get for the other and the dearness of the one is the same thing with the cheapness of the other The policy of Portugal is in this respect the same as the ancient policy of Spain with regard to all its colonies except Fernambuco and Marannon and with regard to these it has lately adopted a still worse

Other nations leave the trade of their colonies free to all their subjects who may carry it on from all the different ports of the mother

[1] Frederick V —Ed

policy the colonies are enabled both to sell their own produce and to buy the goods of Europe at a reasonable price But since the

tant and the price of European goods accord *ingly is not extravagantly high in the greater* part of the colon es of either of those nations

In the exportation of the r own surplus produce too it is only with regard to certa n commodities that the colonies of Great Brit ain are confined to the market of the mother

mariners are British subjects

Among the non-enumerated commodities are some of the most important productions of America and the West Indies grain of all sorts lumber salt provisions fish sugar and rum

Grain is naturally the first and principal object of the culture of all new colonies By

In a country quite covered with wood where timber consequently is of little or no value the expense of clearing the ground is the prin cipal obstacle to improvement By allowing the colonies a very extens ve market for their lumber the law endeavours to facilitate im

In a country neither half peopled nor half cultivated cattle naturally multiply beyond the consumpt on of the inhabitants and are often upon that account of little or no value But it is necessary it has already been shown that the price of cattle should bear a certain proportion to that of corn before the greater part of the lands of any country can be im proved By allowing to American cattle in all shapes dead or alive a very extensive mar ket the law endeavors to raise the value of

reduce the value of American cattle

To increase the shipping and naval power of Great Britain by the extension of the fish er es of our colonies is an object which the

extravagant bounty is in Great Brita n car r ed on to so little purpose that in the opinion of many people (which I do not however pretend to warrant) the whole produce does not much exceed the value of the bounties which are annually paid for it is in New

slaves in return

If the whole surplus produce of America in grain of all sorts in salt provisions

fish had been put into the enumeration and thereby forced into the market of Great Britain it would have interfered too much with the produce of the industry of our own people It was probably not so much from any *regard to the interest of America as from a* jealousy of this interference that those important commodities have not only been kept out of the enumeration but that the importation into Great Britain of all grain except rice and of salt provisions has in the ordinary state of the law been prohibited

The non-enumerated commodities could originally be exported to all parts of the world Lumber and rice having been once put into the enumeration when they were afterwards taken out of it were confined as to the European market to the countries that lie south of Cape Finisterre By the 6th of George III c 5º all non-enumerated commodities were subjected to the like restriction The parts of Europe which lie south of Cape Finisterre are not *manufacturing countries* and we were *less* jealous of the colony ships carrying home from them any manufactures which could interfere with our own

The enumerated commodities are of two sorts first such as are either the peculiar produce of America or as cannot be produced or at least are not produced in the mother country Of this kind are molasses coffee cocoa nuts tobacco pimento ginger whale fins raw silk cotton wool beaver and other peltry of America indigo fustic and other dyeing woods secondly such as are not the peculiar produce of America but which are

and bowsprits tar pitch and turpentine pig and bar iron copper ore hides and skins pot and pearl ashes The largest importation of commodities of the first kind could not discourage the growth or interfere with the sale of any part of the produce of the mother country By confining them to the home market our merchants it was expected would not only be enabled to buy them cheaper in the plantations and consequently to sell them with a better profit at home but to establish

were imported from foreign countries because by means of proper duties they might be rendered always somewhat dearer than the former and yet a good deal cheaper than the latter By confining such commodities to the *home market therefore it was proposed* to discourage the produce not of Great Britain but of some foreign countries with which the balance of trade was believed to be unfavourable to Great Britain

The prohibition of exporting from the colonies to any other country but Great Britain masts yards and bowsprits tar pitch and turpentine naturally tended to lower the price of timber in the colonies and consequently to increase the expense of clearing their lands, the principal obstacle to their improvement But about the beginning of the present century in 1703 the pitch and tar company of Sweden endeavoured to raise the price of their commodities to Great Britain by prohibiting their exportation except in their own ships, *at their own price* and *in such quantities as* they thought proper In order to counteract this notable piece of mercantile policy and to render herself as much as possible independent not only of Sweden but of all the other northern powers Great Britain gave a bounty upon the importation of naval stores from America and the effect of this bounty was to raise the price of timber in America much more than the confinement to the home market could lower it and as both regulations were enacted at the same time their joint effect was rather to encourage than to discourage the clearing of land in America

Though pig and bar iron too have been put among the enumerated commodities yet as when imported from America they were *exempted from considerable duties to* which they are subject when imported from any other country the one part of the regulation contributes more to encourage the erection of furnaces in America than the other to discourage it There is no manufacture which occasions so great a consumption of wood as a furnace or which can contribute so much to the clearing of a country overgrown with it

The tendency of some of these regulations to raise the value of timber in America and thereby to facilitate the clearing of the land ... nderstood

less real

The most perfect freedom of trade is permitted between the British colonies of America and the West Indies both in the enumerated and in the non enumerated commodities Those colonies are now become so populous and thriving that each of them finds in some

of the others a great and extensive market for every part of its produce All of them taken together, they make a great internal market for the produce of one another

The liberality of England however towards the trade of her colonies has been confined chiefly to what concerns the market for their produce either in its rude state or in what may be called the very first stage of manufacture The more advanced or more refined manufactures even of the colony produce the merchants and manufacturers of Great Britain choose to reserve to themselves, and have prevailed upon the legislature to prevent their establishment in the colonies sometimes by high duties, and sometimes by absolute prohibitions

While for example, Muskovado sugars from the British plantations pay upon importation only 6s 4d the hundredweight, white sugars pay £1 1s 1d, and refined either double or single in loaves £4 2s 5⅞d When those high duties were imposed Great Britain was the sole and she still continues to be the principal market to which the sugars of the British colonies could be exported They amounted therefore, to a prohibition, at first of claying or refining sugar for any foreign market and at present of claying or refining it for the market which takes off perhaps more than nine tenths of the whole produce The manufacture of claying or refining sugar accordingly though it has flourished in all the sugar colonies of France, has been little cultivated in any of those of England except for the market of the colonies themselves While Grenada was in the hands of the French there was a refinery of sugar by claying at least upon almost every plantation Since it fell into those of the English almost all works of this kind have been given up and there are at present, October 1773, I am assured not above two or three remaining in the island At present however, by an indulgence of the custom house clayed or refined sugar if reduced from loaves into powder is commonly imported as Muskovado

While Great Britain encourages in America the manufactures of pig and bar iron by exempting them from duties to which the like commodities are subject when imported from any other country she imposes an absolute prohibition upon the erection of steel furnaces and slitmills in any of her American plantations She will not suffer her colonists to work in those more refined manufactures even for their own consumption but insists upon their purchasing of her merchants and manufacturers all goods of this kind which they have occasion for

She prohibits the exportation from one province to another by water and even the carriage by land upon horseback or in a cart of hats of wools and woollen goods of the produce of America a regulation which effectually prevents the establishment of any manufacture of such commodities for distant sale and confines the industry of her colonists in this way to such coarse and household manufactures as a private family commonly makes for its own use or for that of some of its neighbours in the same province

To prohibit a great people however, from making all that they can of every part of their own produce, or from employing their stock and industry in the way that they judge most advantageous to themselves is a manifest violation of the most sacred rights of mankind Unjust however as such prohibitions may be they have not hitherto been very hurtful to the colonies Land is still so cheap, and consequently, labour so dear among them that they can import from the mother country almost all the more refined or more advanced manufactures cheaper than they could make for themselves Though they had not therefore been prohibited from establishing such manufactures yet in their present state of improvement a regard to their own interest would probably have prevented them from doing so In their present state of improvement those prohibitions perhaps without cramping their industry or restraining it from any employment to which it would have gone of its own accord are only impertinent badges of slavery imposed upon them without any sufficient reason by the groundless jealousy of the merchants and manufacturers of the mother country In a more advanced state they might be really oppressive and insupportable

Great Britain too as she confines to her own market some of the most important productions of the colonies so in compensation she gives to some of them an advantage in that market sometimes by imposing higher duties upon the like productions when imported from other countries and sometimes by giving bounties upon their importation from the colonies In the first way she gives an advantage in the home market to the sugar tobacco and iron of her own colonies and in the second to their raw silk to their hemp and flax to their indigo to their naval stores and to their building timber This second way of encouraging the colony produce by bounties upon importation is so far as I have been able to learn peculiar to Great Britain The first is not Portugal does not content herself with imposing higher duties upon the importation of tobacco from any other country but prohibits it under the severest penalties

With regard to the importation of goods

from Europe, England has likewise dealt more liberally with her colonies than any other nation

Great Britain allows a part, almost always the half, generally a larger portion, and sometimes the whole of the duty which is paid up on the importation of foreign goods, to be drawn back upon their exportation to any for-

jected on their importation into Great Britain Unless therefore, some part of those duties was drawn back upon exportation there was an end of the carrying trade a trade so much favoured by the mercantile system

Our colonies however are by no means independent foreign countries and Great Britain having assumed to herself the exclusive right of supplying them with all goods from Europe might have forced them (in the same manner as other countries have done their colonies) to receive such goods loaded with all the same duties which they paid in the mother country But on the contrary till 1763 the same drawbacks were paid upon the exportation of the greater part of foreign goods to our colonies as to any independent ... the 4th ... was a ... That ... subsidy should be drawn back for any goods of the

in the mother country and some may still

Of the greater part of the regulations concerning the colony trade the merchants who carry it on it must be observed have been

plying the colonies with all the goods which they wanted from Europe and of purchasing all such parts of their surplus produce as could not interfere with any of the trades which they themselves carried on at home the interest of the colonies was sacrificed to the interest of those merchants In allowing

foreign goods which they sent to the colonies, and, consequently, to get back as much as possible of the duties which they advanced upon their importation into Great Britain They might thereby be enabled to sell in the colonies either the same quantity of goods with a greater profit, or a greater quantity with the same profit, and consequently to gain something either in the one way or the other It was likewise for the interest of the colonies to get all such goods as cheap and in as great abundance as possible But this might not always be for the interest of the mother country She might frequently suffer both in her revenue, by giving back a great part of the duties which had been paid upon the importation of such goods and in her manufactures, by being undersold in the col

Great Britain, it is commonly said has ... a good deal retarded by the drawbacks upon the re-exportation of German linen to the *American colonies*

But though the policy of Great Britain with regard to the trade of her colonies has been dictated by the same mercantile spirit as that of other nations it has however upon the whole, been less illiberal and oppressive than that of any of them

In everything except their foreign trade the liberty of the English colonists to manage their own affairs their own way is complete It is in every respect equal to that of their fellow citizens at home and is secured in the same manner by an assembly of the representatives of the people who claim the sole right of imposing taxes for the support of the colony government The authority of this assembly overawes the executive power and neither the meanest nor the most obnoxious

land are not always a very equal representation of the people yet they approach more nearly to that character and as the executive power either has not the means to corrupt them or on account of the support which it receives from the mother country is not under the necessity of doing so they are perhaps in general more influenced by the inclinations of their constituents The councils which in the colony legislatures correspond to the House of Lords in Great Britain are

not composed of an hereditary nobility In some of the colonies, as in three of the governments of New England, those councils are

the legislative but a part of the executive power In Connecticut and Rhode Island, they elected the governor In the other colonies they appointed the revenue officers who collected the taxes imposed by those respective assemblies, to whom those officers were immediately responsible There is more equality, therefore, among the English colonists than among the inhabitants of the mother country Their manners are more republican, and their governments, those of three of the provinces of New England in particular, have hitherto been more republican too

from whence the complaints of the people are less likely to reach him, can exercise their tyranny with much more safety But the European colonies in America are more re

however, has always been conducted with

character of every nation, the nature of their government, which though arbitrary and violent in comparison with that of Great

least equal, perhaps superior, to that of the

fining their own sugar, and, what is of still greater importance, the genius of their government naturally introduces a better management of their negro slaves

In all European colonies the culture of the

means of cattle, depend very much upon the good management of those cattle, so the

the violence of his master, is likely to be better executed in a colony where the government is in a great measure arbitrary than in one where it is altogether free In every country where the unfortunate law of slavery is established, the magistrate, when he protects the slave, intermeddles in some measure in the management of the private property of the master and in a free country, where the master is perhaps either a member of the colony assembly, or an elector of such a mem

do so The protection of the magistrate renders the slave less contemptible in the eyes of his master, who is thereby induced to con-

the condition of a free servant and may possess some degree of integrity and attachment to his master's interest, virtues which frequently belong to free servants, but which never can belong to a slave who is treated as slaves commonly are in countries where the master is perfectly free and secure

master is under the emperors When Vedius Pollio, in the presence of Augustus ordered one of his slaves who had committed a

slave, but all the others that belonged to him Under the republic no magistrate could have had authority enough to protect the slave, much less to punish the master

The stock it is to be observed which has improved the sugar colonies of France particularly the great colony of St Domingo has been raised almost entirely from the gradual improvement and cultivation of those colonies It has been almost altogether the produce of the soil and of the industry of the colonies or what comes to the same thing the price of that produce gradually accumulated by good management and employed in raising a still greater produce But the stock

soil and industry of the colonists The prosperity of the English sugar colonies has been, in a great measure owing to the great riches of England of which a part has overflowed if

this superiority has been remarked in nothing so much as in the good management of their slaves

Such have been the general outlines of the policy of the different European nations with regard to their colonies

The policy of Europe, therefore has very little to boast of, either in the original establishment or, so far as concerns their internal government, in the subsequent prosperity of the colonies of America

Folly and injustice seem to have been the principles which presided over and directed the first project of establishing those colonies the folly of hunting after gold and silver mines, and the injustice of coveting the possession of a country whose harmless natives, far from having ever injured the people of Europe, had received the first adventurers with every mark of kindness and hospitality

The adventurers indeed, who formed some of the later establishments, joined to the chimerical project of finding gold and silver mines other motives more reasonable and more laudable but even these motives do very little honour to the policy of Europe

Portuguese Jews persecuted by the Inquisition stripped of their fortunes, and banished to Brazil, introduced by their example some sort of order and industry among the transported felons and strumpets by whom that colony was originally peopled and taught them the culture of the sugar-cane Upon all these different occasions it was not the wisdom and policy, but the disorder and injustice of the European governments which peopled and cultivated America

In effectuating some of the most important of these establishments the different governments of Europe had as little merit as in projecting them The conquest of Mexico was the project, not of the council of Spain but of a governor of Cuba and it was effectuated by the spirit of the bold adventurer to whom it was entrusted, in spite of everything which that governor, who soon repented of having trusted such a person could do to thwart it The conquerors of Chili and Peru, and of almost all the other Spanish settlements upon the continent of America carried out with

Those adventurers were all at

ment of some of its most important colonies in North America

When those establishments were effectu

ated and had become so considerable as to attract the attention of the mother country the first regulations which she made with regard to them had always in view to secure to herself the monopoly of their commerce to

been exercised consists one of the most essential differences in the policy of the different European nations with regard to their colonies. The best of them all that of England is only somewhat less illiberal and oppressive than that of any of the rest

In what way therefore has the policy of Europe contributed either to the first establishment or to the present grandeur of the

capable of forming or has ever actually and in fact formed such men The colonies owe to the policy of Europe the education and great views of their active and enterprising founders and some of the greatest and most important of them so far as concerns their internal government owe to it scarce anything else

Part 3

Of the Advantages which Europe has derived from the Discovery of America and from that of a Passage to the East Indies by the Cape of Good Hope

Such are the advantages which the colonies of America have derived from the policy of Europe

What are those which Europe has derived from the discovery and colonization of America?

Those advantages may be divided first into the general advantages which Europe

exercises over them

The general advantages which Europe considered as *one great country* has derived from the discovery and colonisation of America consist first in the increase of its enjoyments and secondly in the augmentation of its industry

sessed *some for conveniency* and use some *for pleasure* and some *for ornament* and thereby contributes to increase their enjoyments

The discovery and colonization of America, it will readily be allowed have contributed to augment the industry first of all the coun

such as Austrian Flanders and some provinces of Germany which through the medium of the countries before mentioned send to it a considerable quantity of linen and other goods All such countries have evidently gained a more extensive market for their

those events have done so however cannot be doubted Some part of the produce of America is consumed in Hungary and Poland and there is some demand there for the sugar chocolate and tobacco of that new quarter

ues new equivalents, introduced into Hun

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surplus produce of America.

Those great events may even have contributed to increase the enjoyments, and to augment the industry of countries which not only never sent any commodities to America,

be sent to no other country but England Other countries must afterwards buy it of her It must be cheaper therefore in England than it can be in any other country and must con tribute more to increase the enjoyments of England than those of any other country It must likewise contribute more to encourage her industry For all those parts of her own surplus produce which England exchanges for those enumerated commodities, she must get a better price than any other countries can get for the like parts of theirs when they exchange them for the same commodities The manufactures of England for example, will purchase a greater quantity of the sugar and tobacco of her own colonies than the like manufactures of other countries can purchase of that sugar and tobacco So far therefore as the manufactures of England and those of other countries are both to be exchanged for the sugar and tobacco of the English colonies, this superiority of price gives an encouragement to the former beyond what the latter can in these circumstances enjoy The exclu sive trade of the colonies therefore as it di minishes, or at least keeps down below what they would otherwise rise to both the en

it rather by depressing the industry and prod *uce of other countries than by raising those* of that particular country above what they would naturally rise to in the case of a free trade

The tobacco of Maryland and Virginia for example by means of the monopoly which

much increased as to reduce the profits of a tobacco plantation to their natural level with those of a corn plantation which it is supposed they are still somewhat above The price of tobacco might and probably would by this time have fallen somewhat lower than it is at present An equal quantity of the commodities either of England or of those other countries might have purchased in Maryland and Virginia a greater quantity of tobacco than it can do at present and conse quently have been sold there for so much a better price So far as that weed therefore can by its cheapness and abundance increase the enjoyments or augment the industry either of England or of any other country it would probably, in the case of a free trade have produced both these effects in somewhat a greater degree than it can do at present England indeed, would not in this case have had any advantage over other countries She might have bought the tobacco of her colonies somewhat cheaper, and consequently

have gained an absolute but she would cer tainly have lost a relative advantage

In order, however, to obtain *this relative* advantage in the colony trade in order to

might have derived from that trade, but has subjected herself both to an absolute and to a relative disadvantage in almost every other branch of trade

When by the Act of Navigation England *assumed to herself the monopoly of the col* ony trade the foreign capitals which had before been employed in it were necessarily withdrawn from it The English capital which had before carried on but a part of it was now to carry on the whole The capital which had before supplied the colonies with but a part of the goods which they wanted from

very dear and bought very cheap the profit

ha l before been employed in them But this

all other trades and of raising the rate of profit somewhat higher than it otherwise would have been in all trades was not only produced by this monopoly upon its first establishment but has continued to be produced by it ever since

First this monopoly has been continually drawing capital from all other trades to be employed in that of the colonies

Though the wealth of Great Britain has increased very much since the establishment of the Act of Navigation it certainly has not increased in the same proportion as that of the colonies But the foreign trade of every country naturally increases in proportion to its wealth its surplus produce in proportion to its whole produce and Great Britain having engrossed to herself almost the whole of what may be called the foreign trade of the colonies and her capital not having increased in the same proportion as the extent of that trade she could not carry it on without continually withdrawing from other branches of trade some part of the capital which had before been employed in them as well as withholding from them a great deal more which would otherwise have gone to them Since the establishment of the Act of Navigation accordingly the colony trade has been continually increasing while many other branches of foreign trade particularly of that to other parts of Europe have been continually decaying Our manufactures for foreign sale instead of being suited as before the Act of Navigation to the neighbouring market of Europe or to the more distant one of the *countries which lie round the Mediterranean* Sea have the greater part of them been accommodated to the still more distant one of the colonies to the market in which they have the monopoly rather than to that in which they have many competitors The causes of decay in other branches of foreign trade which by Sir Matthew Decker and other writers have been sought for in the excess and improper mode of taxation in the high price of labour in the increase of luxury etc may all be found in the overgrowth of the colony trade The mercantile capital of Great Britain, though very great, yet not being infinite, and though greatly increased since the Act of Navigation yet not being increased in the same proportion as the colony trade that trade could not possibly be carried on without withdrawing some part of that capital from other branches of trade nor consequently without some decay of those other branches

England it must be observed was a great trading country her mercantile capital was

Charles II it was at last equal perhaps superior to the united navies of France and Holland Its superiority perhaps would scarce appear greater in the present times at least if the Dutch navy was to bear the same proportion to the Dutch commerce now wh ch

exclusive trade to the colonies Both the colonies and their trade were inconsiderable then in comparison of what they are now The island of Jamaica was an unwholesome desert little inhabited and less cultivated New York and New Jersey were in the possession of the Dutch the half of St Christopher s in that of the French The island of Antigua the two Carolinas Pennsylvania Ge[illegible] and No[illegible] Scot[illegible] were not planted and were thriving at that a single person who foresaw or even suspected the

the condition at that time bore any rese[illegible] The trade of

it was enacted), could not [illegible] the cause of the great trade of England nor of the great naval power which was supported by that trade The trade which at that time

supported that great naval power was the trade of Europe and of the countries which lie round the Mediterranean Sea But the

ever share of it might have fallen to Great Britain and a very considerable share would probably have fallen to her must have been all an addition to this great trade of which she was before in possession In consequence of the monopoly, the increase of the colony trade has not so much occasioned an addition to the trade which Great Britain had before as a total change in its direction

Secondly this monopoly has necessarily *contributed to keep up the rate of profit in* all the different branches of British trade higher than it naturally would have been had all nations been allowed a free trade to the British colonies

The monopoly of the colony trade as it

of capital employed in that trade below what it naturally would have been in the case of a free trade But, by lessening the competition of capitals in that branch of trade it necessarily raised the rate of profit in that branch By lessening too the competition of British capitals in all other branches of trade it necessarily raised the rate of British profit in all those other branches Whatever may have been at any particular period, since the establishment of the Act of Navigation the state or extent of the mercantile capital of Great Britain the monopoly of

she has not the monopoly

It subjects her to an absolute disadvantage because in such branches of trade her merchants cannot get this greater profit without selling dearer than they otherwise would do both the goods of foreign countries which they import into their own, and the goods of their own country which they export to foreign countries Their own country must both buy dearer and sell dearer must both buy less and sell less must both enjoy less and produce less, than she otherwise would do

would be It enables them both to enjoy more and to produce more in proportion to what she enjoys and produces It renders their superiority greater or their inferiority less than it otherwise would be By raising the *price of her produce above what it otherwise* would be it enables the merchants of other countries to undersell her in foreign markets and thereby to jostle her out of almost all those branches of trade, of which she has not the monopoly

high profits of stock They complain of the extravagant gain of other people but they say nothing of their own The high profits of British stock, however may contribute towards raising the price of British manufactures in many cases as much and in some perhaps more, than the high wages of British labour

It is in this manner that the capital of

ranean Sea

It has partly been drawn from those

next

It has partly been driven from them by the advantage which the high rate of profit established in Great Britain gives to other

pelled from the colony trade In those other

has increased the competition of foreign capitals and thereby sunk the rate of foreign profit lower than it otherwise would have been Both in the one way and in the other it must evidently have subjected Great Britain to a relative disadvantage in all those other branches of trade

The colony trade however it may perhaps be said is more advantageous to Great Britain than any other and the monopoly, by forcing into that trade a greater proportion of the capital of Great Britain than what would otherwise have gone to it has turned that capital into an employment more advantageous to the country than any other which it could have found

most the annual produce of the land and labour of that country But the quantity of productive labour which any capital employed in the foreign trade of consumption can maintain is exactly in proportion it has been shown in the second book to the frequency of its returns A capital of a thousand pounds for example employed in a foreign trade of consumption of which the returns are made regularly once in the year can keep in constant employment in the country to which it belongs a quantity of productive labour equal to what a thousand pounds can maintain there for a year If the returns are made twice or thrice in the year it can keep in constant employment a quantity of productive labour equal to what two or three thousand pounds can maintain there for a year A foreign trade of consumption carried on with a neighbouring country is upon this account in general more advantageous than one carried on with a distant country and for the same reason a direct foreign trade of consumption as it has likewise been shown in the second book is in general more advantageous than a round about one

But the monopoly of the colony trade so far as it has operated upon the employment of the capital of Great Britain has in all cases forced some part of it from a foreign trade of consumption carried on with a neighbouring to one carried on with a more distant country and in many cases from a direct foreign trade of consumption to a round about one

First the monopoly of the colony trade has in all cases forced some part of the capital of Great Britain from a foreign trade of consumption carried on with a neighbouring to one carried on with a more distant country

It has in all cases forced some part of that capital from the trade with Europe and with the countries which lie round the Mediterranean Sea to that with the more distant regions of America and the West Indies from which the returns are necessarily less frequent not only on account of the greater distance but on account of the peculiar circumstances of those countries New colonies, it has already been observed are always understocked Their capital is always much less than what they could employ with great profit and advantage in the improvement and cultivation of their land They have a constant demand therefore for more capital than they have of their own and in order to supply the deficiency of their own they endeavour to borrow as much as they can of the mother country to whom they are therefore always in debt The most common way in which the colonists contract this debt is not by borrowing upon bond of the rich people of the mother country though they sometimes do this too but by running as much in arrear to their correspondents who supply them with goods from Europe as those correspondents will allow them Their annual returns frequently do not amount to more than a third and sometimes not to so great a proportion of what they owe The whole capital therefore which their correspondents advance to them is seldom returned to Britain in less than three and sometimes not in less than four or five years But a British capital of a thousand pounds for example which is returned to Great Britain only once in five years can keep in constant employment only one fifth part of the British industry which it could maintain if the whole was returned once in the year and instead of the quantity of industry which a thousand pounds could maintain for a year can keep in constant employment the quantity only which two hundred pounds can maintain for a year The planter no doubt by the high price which he pays for the goods from Europe by the interest upon the bills which he grants at distant dates and by the commission upon the renewal of those which he grants at near dates makes up and probably more than ...ondent

cannot make up that of Great B...
trade of which the returns are very distant,
... may be as great
...ery
the
...tity
of productive labour constantly maintained

there, the annual produce of the land and labour must always be much less That the returns of the trade to America and still more those of that to the West Indies are in general not only more distant but more irregular and more uncertain too than those of the trade to any part of Europe or even of the countries which lie round the Mediterranean Sea, will readily be allowed I imagine by everybody who has any experience of those different branches of trade

Secondly the monopoly of the colony trade has in many cases, forced some part of the capital of Great Britain from a direct foreign trade of consumption into a round about one

Among the enumerated commodities which can be sent to no other market but Great Britain there are several of which the quantity exceeds very much the consumption of Great Britain and of which a part therefore must be exported to other countries But this cannot be done without forcing some part of the capital of Great Britain into a round about foreign trade of consumption Maryland and Virginia for example send annually to Great Britain upwards of ninety six thousand hogsheads of tobacco and the consumption of Great Britain is said not to exceed fourteen thousand Upwards of eighty two thousand hogsheads, therefore must be exported to other countries to France to Holland and to the countries which lie round the Baltic and Mediterranean Seas But that part of the capital of Great Britain which brings those eighty two thousand hogsheads to Great Britain which re-exports them from thence to those other countries and which brings back from those other countries to Great Britain either goods or money in return is employed in a round about foreign trade of consumption and is necessarily forced into this employment in order to dispose of this great surplus If we would compute in how many years the whole of this capital is likely to come back to Great Britain we must add to the distance of the American returns that of the returns from those other countries If in the direct foreign trade of consumption which we carry on with America, the whole capital employed frequently does not come back in less than three or four years the whole capital employed in this round about one is not likely to come back in less than four or five If the one can keep in constant employment but a third or a fourth part of the domestic industry which could be maintained by a capital returned once in the year the other can keep in constant employment but a fourth or fifth part of that industry At some of the out ports a credit is commonly given to those foreign correspondents to whom they export their tobacco At the port of London indeed it is commonly sold for ready money The rule is, *Weigh and pay* At the port of London therefore the final returns of the whole round about trade are more distant than the returns from America by the time only which the goods may lie unsold in the warehouse where however they may sometimes lie long enough But had not the colonies been confined to the market of Great Britain for the sale of their tobacco very little more of it would probably have come to us than what was necessary for the home consumption The goods which Great Britain purchases at present for her own consumption with the great surplus of tobacco which she exports to other countries she would in this case probably have purchased with the immediate produce of her own industry or with some part of her own manufactures That produce those manufactures instead of being almost entirely suited to one great market as at present would probably have been fitted to a great number of smaller markets Instead of one great round about foreign trade of consumption Great Britain would probably have carried on a great number of small direct foreign trades of the same kind On account of the frequency of the returns a part and probably but a small part perhaps not above a third or a fourth of the capital which at present carries on this great round about trade might have been sufficient to carry on all those small direct ones might have kept in constant employment an equal quantity of British industry, and have equally supported the annual produce of the land and labour of Great Britain All the purposes of this trade being in this manner answered by a much smaller capital there would have been a large spare capital to apply to other purposes to improve the lands to increase the manufactures and to extend the commerce of Great Britain to come into competition at least with the other British capitals employed in all those different ways to reduce the rate of profit in them all and thereby to give to Great Britain in all of them a superiority over other countries still greater than what she at present enjoys

The monopoly of the colony trade too has forced some part of the capital of Great Britain from all foreign trade of consumption to a carrying trade and consequently from supporting more or less the industry of Great Britain to be employed altogether in supporting partly that of the colonies and partly that of some other countries

The goods for example which are annually purchased with the great surplus of eighty two thousand hogsheads of tobacco annually re-exported from Great Britain are not all consumed in Great Britain Part

them linen from Germany and Holland for example is returned to the colonies for their particular consumption But that part of the capital of Great Britain which buys the tobacco with which this linen is afterwards bought is necessarily withdrawn from supporting the industry of Great Britain to be employed altogether in supporting partly that of the colonies and partly that of the particular countries who pay for this tobacco with the produce of their own industry

The monopoly of the colony trade besides

ance which would otherwise have taken place among all the different branches of British industry The industry of Great Britain instead of being accommodated to a great number of small markets has been principally suited to one great market Her commerce instead of running in a great number of small channels has been taught to run principally in one great channel But the whole system of her industry and commerce has thereby been rendered less secure the whole state of her body politic less healthful than it otherwise would have been In her present condition Great Britain resembles one of those unwholesome bodies in which some of the vital parts are overgrown and which upon that account are liable to many dangerous disorders scarce incident to those in which all

the country has been forced to circulate is very likely to bring on the most dangerous disorders upon the whole body politic The expectation of a rupture with the colonies accordingly has struck the people of Great Britain with more terror than they ever felt for a Spanish armada or a French invasion It was this terror whether well or ill grounded which rendered the repeal of the Stamp Act among the merchants at least a popular measure In the total exclusion from the colony market was it to last only for a few years the greater part of our merchants used to fancy that they foresaw an entire stop to their trade the greater part of our master

different orders of people is foreseen however without any such general emotion The

blood of which the circulation is stopped in some of the smaller vessels easily disgorges itself into the greater without occasioning any dangerous disorder but when it is stopped in any of the greater vessels convulsions, apoplexy or death are the immediate and unavoidable consequences If but one of those overgrown manufactures which by means either of bounties or of the monopoly of the home and colony markets have been artificially raised up to an unnatural height finds some small stop or interruption in its employment it frequently occasions a mutiny and disorder alarming to government and embarrassing even to the deliberations of the legislature How great therefore would be the disorder and confusion it was thought which must necessarily be occasioned by a sudden and entire stop in the employment of so great a proportion of our principal manufacturers

Some moderate and gradual relaxation of the laws which give to Great Britain the exclusive trade to the colonies till it is rendered in a great measure free seems to be the only expedient which can in all future times deliver her from this danger which can enable her or even force her to withdraw some part of her capital from this overgrown employment and to turn it though with less profit towards other employments and which by gradually diminishing one branch of her industry and gradually increasing all the rest can by degrees restore all the different branches of it to that natural healthful and proper proportion which perfect liberty necessarily establishes and which perfect liberty can alone preserve To open the colony trade all at once to all nations might not only

...ency but

eighty two thousand hogsheads of tobacco

the state of the body politic but disorders which it is often difficult to remedy without occasioning for a time at least still greater disorders In what manner therefore the colony trade ought gradually to be opened what are the restraints which ought first and what are those which ought last to be taken away or in what manner the natural system of per...

thought of have very fortunately occurred

to hinder Great Britain from feeling so sensibly as it was generally expected she would the total exclusion which has now taken place for more than a year (from the first of December 1774) from a very important branch of the colony trade that of the twelve associated provinces of North America *First* those *colonies* in preparing themselves for their non importation agreement drained Great Britain completely of all the commodities which were fit for their market second ly the extraordinary demand of the Spanish *Flota* has, this year, drained Germany and the North of many commodities linen in particular which used to come into competition even in the British market with the manufactures of Great Britain thirdly the peace between Russia and Turkey has occasioned an extraordinary demand from the Turkey market, which during the distress of the country and while a Russian fleet was cruising in the Archipelago had been very poorly supplied fourthly the demand of the North of Europe for the manufactures of Great Britain has been increasing from year to year for some time past and fifthly the late partition and consequential pacification of Poland by opening the market of that great country have this year added an extraordinary demand from thence to the increasing demand of the North These events are all except the fourth in their nature transitory and accidental and the exclusion from so important a branch of the colony trade if unfortunately it should continue much longer may still occasion some degree of distress This distress however as it will come on gradually will be felt much less severely than if it had come on all at once and in the meantime the industry and capital of the country may find a new employment and direction so as to prevent this distress from ever rising to any considerable height

The monopoly of the colony trade therefore so far as it has turned towards that trade a greater proportion of the capital of Great Britain than what would otherwise have gone to it has in all cases turned it from a foreign trade of consumption with a neighbouring into one with a more distant country in many cases from a direct foreign trade of consumption into a round about one and in some cases from all foreign trade of consumption into a carrying trade It has in all cases, therefore turned it from a direction in which it would have maintained a greater quantity of productive labour into one in which it can maintain a much smaller quantity By suiting besides to one particular market only so great a part of the industry and commerce of Great Britain it has rendered the whole state of that industry and commerce more precarious and less secure than if their produce had been accommodated to a greater variety of markets

We must carefully distinguish between the effects of the colony trade and those of the monopoly of that trade The former are always and necessarily beneficial the latter always and necessarily hurtful But the former are so beneficial that the colony trade though subject to a monopoly and notwithstanding the hurtful effects of that monopoly, is still upon the whole beneficial and greatly beneficial though a good deal less so than it otherwise would be

The effect of the colony trade in its natural and free state is to open a great though distant market for such parts of the produce of British industry as may exceed the demand of the markets nearer home of those of Europe and of the countries which lie round the Mediterranean Sea In its natural and free state the colony trade without drawing from those markets any part of the produce which had ever been sent to them encourages Great Britain to increase the surplus continually by continually presenting new equivalents to be exchanged for it In its natural and free state the colony trade tends to increase the quantity of productive labour in Great Britain but without altering in any respect the direction of that which had been employed there before In the natural and free state of the colony trade the competition of all other nations would hinder the rate of profit from rising above the common level either in the new market or in the new employment The new market, without drawing anything from the old one would create if one may say so, a new produce for its own supply and that new produce would constitute a new capital for carrying on the new employment, which in the same manner would draw nothing from the old one

The monopoly of the colony trade on the contrary by excluding the competition of other nations and thereby raising the rate of profit both in the new market and in the new employment draws produce from the old market and capital from the old employment To augment our share of the colony trade beyond what it otherwise would be is the avowed purpose of the monopoly If our share of that trade were to be no greater with than it would have been without the monopoly there could have been no reason for establishing the monopoly But whatever forces into a branch of trade of which the returns are slower and more distant than those of the greater part of other trades, a greater proportion of the capital of any country than what of its own accord would go to that branch, necessarily renders the whole quantity

of productive labour annually maintained there the whole annual produce of the land and labour of that country, less than they otherwise would be It keeps down the revenue of the inhabitants of that country below what it would naturally rise to and thereby diminishes their power of accumulation It not only hinders at all times their capital from maintaining so great a quantity of productive labour as it would otherwise maintain, but it hinders it from increasing so fast as it would otherwise increase and consequently from maintaining a still greater quantity of productive labour

The natural good effects of the colony trade, however more than counterbalance to Great Britain the bad effects of the monopoly so that monopoly and all together that trade even as it carried on at present, is not only advantageous but greatly advantageous The new market and the new employment which are opened by the colony trade are of much greater extent than that portion of the old market and of the old employment which is lost by the monopoly The new produce and the new capital which has been created if one may say so by the colony trade maintain in Great Britain a greater quantity of productive labour than what can have been thrown out of employment by the revulsion of capital from other trades of which the returns are more frequent If the colony trade however even as it is carried on at present is advantageous to Great Britain it is not by means of the monopoly but in spite of the monopoly

It is rather for the manufactured than for the rude produce of Europe that the colony trade opens a new market Agriculture is the proper business of all new colonies a business which the cheapness of land renders more advantageous than any other They abound therefore, in the rude produce of land and instead of importing it from other countries they have generally a large surplus to export In new colonies agriculture either draws hands from all other employments or keeps them from going to any other employment There are few hands to spare for the necessary, and none for the ornamental manufactures The greater part of the manufactures of both kinds they find it cheaper to purchase of other countries than to make for themselves It is chiefly by encouraging the manufactures of Europe that the colony trade indirectly encourages its agriculture The manufactures of Europe to whom that trade gives employment, constitute a new market for the produce of the land and the most advantageous of all markets the home market for the corn and cattle for the bread and butcher's meat of Europe is thus greatly extended by means of the trade to America.

But that the monopoly of the trade of populous and thriving colonies is not alone sufficient to establish or even to maintain manufactures in any country, the examples of Spain and Portugal sufficiently demonstrate Spain and Portugal were manufacturing countries before they had any considerable colonies Since they had the richest and most fertile in the world they have both ceased to be so

In Spain and Portugal the bad effects of the monopoly, aggravated by other causes, have perhaps nearly overbalanced the natural good effects of the colony trade These causes seem to be other monopolies of different kinds the degradation of the value of gold and silver below what it is in most other countries the exclusion from foreign markets by improper taxes upon exportation and the narrowing of the home market by still more improper taxes upon the transportation of goods from one part of the country to another but above all that irregular and partial administration of justice which often protects the rich and powerful debtor from the pursuit of his injured creditor and which makes the industrious part of the nation afraid to prepare goods for the consumption of those haughty and great men to whom they dare not refuse to sell upon credit and from whom they are altogether uncertain of repayment.

In England on the contrary, the natural good effects of the colony trade assisted by other causes have in a great measure conquered the bad effects of the monopoly These causes seem to be the general liberty of trade which notwithstanding some restraints, is at least equal perhaps superior to what it is in any other country the liberty of exporting duty free almost all sorts of goods which are the produce of domestic industry to almost any foreign country and what perhaps is of still greater importance the unbounded liberty of transporting them from any one part of our own country to any other without being obliged to give any account to any public office without being liable to question or examination of any kind, but above all that equal and impartial administration of justice which renders the rights of the meanest British subject respectable to the greatest and which by securing to every man the fruits of his own industry gives the greatest and most effectual encouragement to every sort of industry

If the manufactures of Great Britain, however have been advanced as they certainly have by the colony trade it has not been by means of the monopoly of that trade but in spite of the monopoly The effect of the monopoly has been not to augment the quantity

but to alter the quality and shape of a part of the manufactures of Great Britain, and to accommodate to a market, from which the returns are slow and distant, what would otherwise have been accommodated to one from which the returns are frequent and near. Its effect has consequently been to turn a *part of the capital of Great Britain from an* employment in which it would have maintained a greater quantity of manufacturing *industry to one in which it maintains a much* smaller, and thereby to diminish, instead of increasing, the whole quantity of manufacturing industry maintained in Great Britain.

The monopoly of the colony trade, therefore, like all the other mean and malignant *expedients of the mercantile system, depresses* the industry of all other countries, but chiefly that of the colonies, without in the least increasing, but on the contrary diminishing that of the country in whose favour it is established.

The monopoly hinders the capital of that country, whatever may at any particular time be the extent of that capital, from maintain-

the monopoly discourages the improvement of land. The profit of improvement depends upon the difference between what the land actually produces, and what, by the application of a certain capital, it can be made to produce. If this *difference affords* a greater profit than what can be drawn from an equal capital in any mercantile employment, the improvement of land will draw capital from

increase of another great original source of

would get for his land in proportion to the rent which it affords.

The monopoly indeed raises the rate of *mercantile profit, and thereby augments some*what the gain of our merchants. But as it obstructs the natural increase of capital, it tends rather to diminish than to increase the sum total of the revenue which the inhabitants of the country derive from the profits

All the original sources of revenue, the wages of labour, the rent of land, and the profits of stock, the monopoly renders much less abundant than they otherwise would be. To promote the little interest of one little

more fatal, perhaps, than all these put together, but which, if we may judge from experience, is inseparably connected with it.

according to the pattern which his master prescribes to him will shape his life too according to the example which he sets him Accumulation is thus prevented in the hands of all those who are naturally the most disposed to accumulate and the funds destined for the maintenance of productive labour receive no augmentation from the revenue of those who ought naturally to augment them the most The capital of the country instead of increasing gradually dwindles away and the quantity of productive labour maintained in it grows every day less and less Have the exorbitant profits of the merchants of Cadiz and Lisbon augmented the capital of Spain and Portugal? Have they alleviated the poverty have they promoted the industry of those two beggarly countries? Such has been the tone of mercantile expense in those two trading cities that those exorbitant profits far from augmenting the general capital of the country seem scarce to have been sufficient to keep up the capitals upon which they were made Foreign capitals are every day intruding themselves if I may say so more and more into the trade of Cadiz and Lisbon It is to expel those foreign capitals from a trade which their own grows every day more and more insufficient for carrying on that the Spaniards and Portuguese endeavour every

[illegible] not yet generally become such magnificent lords as those of Cadiz and Lisbon but neither are they in general such attentive and parsimonious burghers as those of Amsterdam They are supposed however many of them to be a good deal richer than the greater part of the former and not quite so rich as many of the latter But the rate of their profit is commonly much lower than that of the former and a good deal higher than that of the latter Light come light go says the proverb and the ordinary tone of expense seems everywhere to be regulated not so much according to the real ability of spending as to the supposed facility of getting money to spend

It is thus that the single advantage which the monopoly procures to a single order of men is in many different ways hurtful to the general interest of the country

To found a great empire for the sole purpose of raising up a people of customers may at first sight appear a project fit only for a nation of shopkeepers It is however a project altogether unfit for a nation of shopkeepers but extremely fit for a nation whose government is influenced by shopkeepers Such

me a good estate and I shall always buy my clothes at your shop even though I should pay somewhat dearer than what I can have them for at other shops and you will not find him very forward to embrace your proposal But should any other person buy you

found themselves uneasy at home a great estate in a distant country The price indeed was very small and instead of thirty years purchase the ordinary price of land in the present times it amounted to little more than the expense of the different equipments which made the first discovery reconnoitred the coast and took a fictitious possession of the country The land was good and of great extent and the cultivators having plenty of good ground to work upon and being for some time at liberty to sell their produce where they pleased became in the course of little more than thirty or forty years (between 1620 and 1660) so numerous and thriving a people that the shopkeepers and other traders of England wished to secure to themselves the monopoly of their custom Without pretending therefore that they had paid any

the goods which they wanted from Eu[illegible] and secondly for selling all such parts of their own produce as those traders might find it convenient to buy For they did not find it convenient to buy every part of it Some parts of it imported into England might have interfered with some of the trades which they themselves carried on at home Those particular parts of it therefore they were willing that the colonists should sell where they could —the farther off the better and upon that account purposed that their market should be confined to the countries south of Cape Finisterre A clause in the famous Act of Navigation established this truly shopkeeper proposal into a law

The maintenance of this monopoly has hitherto been the principal or more properly perhaps the sole end and purpose of the dominion which Great Britain assumes over her colonies In the exclusive trade it is sup-

pal badge of their dependency, and it is the sole fruit which has hitherto been gath-

expense of the artillery, stores, and extraordinary provisions with which it was necessary *to supply them, and to the expense of a very* considerable naval force which was constantly kept up, in order to guard, from the smuggling vessels of other nations, the immense coast of North America, and that of our West Indian islands The whole expense of this peace establishment was a charge upon the revenue of Great Britain, and was, at the same time, the smallest part of what the dominion of the colonies has cost the mother country. If we would know the amount of the

must add to it, in particular, the whole expense of the late war, and a great part of that of the war which preceded it. The late war was altogether a colony quarrel, and the whole expense of it, in whatever part of the world it may have been laid out, whether in Germany or the East Indies, ought justly to be stated to the account of the colonies It

which were every year borrowed *from* the sinking fund The Spanish war, which began

has been given in order to support a monopoly The pretended purpose of it was to

greater part of other trades, a greater proportion of their capital than they otherwise would have done, two events which, if a bounty could have prevented, it might perhaps have been very well worth while to give such a bounty

Under the present system of management, therefore, Great Britain derives nothing but loss from the dominion which she assumes over her colonies

To propose that Great Britain should voluntarily give up all authority over her colonies, and leave them to elect their own magistrates, to enact their own laws, and to make peace and war as they might think proper, would be to propose such a measure as never was, and never will be adopted, by any nation in the world No nation ever voluntarily gave *up the dominion of any province, how troublesome* soever it might be to govern it, and how small soever the revenue which it afforded might be in proportion to the expense which it occasioned Such sacrifices, though they might frequently be agreeable to the interest, are always mortifying to the pride of every nation, and what is perhaps of still greater consequence, they are always contrary to the private interest of the governing part of it, who would thereby be deprived of the disposal of many places of trust and profit, of many opportunities of acquiring wealth and distinction, which the possession

least of its ever being adopted If it was adopted, however, Great Britain would not

not only to respect, for whole centuries together, that treaty of commerce which they

In order to render any province advanta geous to the empire to which it belongs, it ought to afford, in time of peace a revenue to the public sufficient not only for defraying the whole expense of its own peace establish ment but for contributing its proportion to the support of the general government of the empire Every province necessarily contributes more or less, to increase the expense of that general government If any particular province therefore does not contribute its share towards defraying this expense an un equal burden must be thrown upon some other part of the empire The extraordinary revenue too which every province affords to the public in time of war, ought from parity of reason to bear the same proportion to the extraordinary revenue of the whole empire which its ordinary revenue does in time of peace That neither the ordinary nor extraor dinary revenue which Great Britain derives from her colonies, bears this proportion to the whole revenue of the British empire will readily be allowed The monopoly it has been supposed indeed by increasing the private revenue of the people of Great Britain and thereby enabling them to pay greater taxes compensates the deficiency of the public revenue of the colonies But this monopoly I have endeavoured to show though a very grievous tax upon the colonies and though it may in crease the revenue of a particular order of men in Great Britain diminishes instead of increasing that of the great body of the people and consequently diminishes instead of in creasing the ability of the great body of the people to pay taxes The men too whose revenue the monopoly increases constitute a particular order which it is both absolutely impossible to tax beyond the proportion of other orders and extremely impolitic even to attempt to tax beyond that proportion, as I shall endeavour to show in the following book No particular resource therefore can be drawn from this particular order

The colonies may be taxed either by their own assemblies, or by the Parliament of Great Britain

That the colony assemblies can ever be so managed as to levy upon their constituents a public revenue sufficient not only to main tain at all times their own civil and military establishment but to pay their proper proportion of the expense of the general govern ment of the British empire seems not very probable It was a long time before even the Parliament of England though placed im mediately under the eye of the sovereign could be brought under such a system of man agement or could be rendered sufficiently liberal in their grants for supporting the civil and military establishments even of their own country It was only by distributing among the particular Members of Parliament a great part either of the offices, or of the disposal of the offices arising from this civil and military establishment, that such a system of manage ment could be established even with regard to the Parliament of England But the dis tance of the colony assemblies from the eye of the sovereign their number, their dispersed situation and their various constitutions, would render it very difficult to manage them in the same manner, even though the sovereign had the same means of doing it and those means are wanting It would be absolutely impossible to distribute among all the leading members of all the colony assemblies such a share either of the offices or of the disposal of the offices arising from the general government of the British empire as to dispose them to give up their popularity at home and to tax their constituents for the support of that general government of which almost the whole emoluments were to be di vided among people who were strangers to them The unavoidable ignorance of administration besides concerning the relative im portance of the different members of those different assemblies the offences which must frequently be given the blunders which must constantly be committed in attempting to manage them in this manner seems to render such a system of management altogether im practicable with regard to them

The colony assemblies besides cannot be supposed the proper judges of what is necessary for the defence and support of the whole empire The care of that defence and support is not entrusted to them It is not their busi ness and they have no regular means of in formation concerning it The assembly of a province like the vestry of a parish may judge very properly concerning the affairs of its own particular district but can have no proper means of judging concerning those of the whole empire It cannot even judge prop erly concerning the proportion which its own province bears to the whole empire or con cerning the relative degree of its wealth and importance compared with the other prov inces because those other provinces are not under the inspection and superintendency of the assembly of a particular province What is necessary for the defence and support of the whole empire and in what proportion each part ought to contribute can be judged of only by that assembly which inspects and superintends the affairs of the whole empire

It has been proposed accordingly that the colonies should be taxed by requisition the Parliament of Great Britain determining the sum which each colony ought to pay and the provincial assembly assessing and

levying it in the way that suited best the circumstances of the province What concerned the whole empire would in this way be determined by the assembly which inspects and superintends the affairs of the whole empire and the provincial affairs of each colony *might still be regulated by its own assembly* Though the colonies should in this case have no representatives in the British Parliament yet if we may judge by experience there is

parts of the empire which are not represented in Parliament The islands of Guernsey and

which all the different provinces are not taxe[d] if I may be allowed the expression in one

of each province shall determine In some provinces of France the king not only imposes *what taxes he thinks proper* but assesses and levies them in the way he thinks proper From others he demands a certain

amount to that proper proportion The Parliament of Great Britain has not for some time past had the same established authority in the colonies which the French king has in those provinces of France which still enjoy the privilege of having states of their own The colony assemblies if they were not very favourably disposed (and unless more skilfully managed than they ever have been hitherto they are not very likely to be so) might still find many pretences for evading or rejecting the most reasonable requisitions of Parliament A French war breaks out we shall suppose ten millions must immediately be raised in order to defend the seat of the empire This sum must be borrowed upon the credit of some Parliamentary fund mortgaged for paying the interest Part of this fund Parliament proposes to raise by a tax to be levied in Great Britain and part of it by a

vanced than what the tax to be levied in Great Britain might be supposed to answer for The whole burden of the debt contracted on account of the war would in this manner fall as it always has done hitherto upon

sary upon the scheme of taxing them by Parliamentary requisition that Parliament should have some means of rendering its requisitions immediately effectual in case the colony assemblies should attempt to evade or reject them and what those means are it is not very easy to conceive and it has not yet been explained

Should the Parliament of Great Britain at the same time be ever fully established in the right of taxing the colonies, even independent of the consent of their own assemblies, the importance of those assemblies would from that moment be at an end, and

with it, that of all the leading men of British America Men desire to have some share in the management of public affairs chiefly on account of the importance which it gives them Upon the power which the greater part of the leading men the natural aristocracy of every country have of preserving or defending their respective importance depends the stability and duration of every system of free government In the attacks which those leading men are continually making upon the importance of one another and in the defence of their own consists the whole play of domestic faction and ambition The leading men of America like those of all other countries desire to preserve their own importance They feel or imagine that if their assemblies which they are fond of calling parliaments and of considering as equal in authority to the Parliament of Great Britain should be so far degraded as to become the humble ministers and executive officers of that Parliament the greater part of their own importance would be at end They have rejected therefore the proposal of being taxed by Parliamentary requisition and like other ambitious and high spirited men have rather chosen to draw the sword in defence of their own importance

Towards the declension of the Roman republic the allies of Rome who had borne the principal burden of defending the state and extending the empire demanded to be admitted to all the privileges of Roman citizens Upon being refused the social war broke out During the course of that war Rome granted those privileges to the greater part of them one by one and in proportion as they detached themselves from the general confederacy The Parliament of Great Britain insists upon taxing the colonies and they refuse to be taxed by a Parliament in which they are not represented If to each colony which should detach itself from the general confederacy Great Britain should allow such a number of representatives as suited the proportion of what is contributed to the public revenue of the empire in consequence of its being subjected to the same taxes and in compensation admitted to the same freedom of trade with its fellow subjects at home the number of its representatives to be augmented as the proportion of its contribution might afterwards augment a new method of acquiring importance a new and more dazzling object of ambition would be presented to the leading men of each colony Instead of piddling for the little prizes which are to be found in what may be called the paltry raffle of colony faction they might then hope from the presumption which men naturally have in their own ability and good fortune to draw some of the great prizes which sometimes come from the wheel of the great state lottery of British politics Unless this or some other method is fallen upon and there seems to be none more obvious than this of preserving the importance and of gratifying the ambition of the leading men of America it is not very probable that they will ever voluntarily submit to us and we ought to consider that the blood which must be shed in forcing them to do so is every drop of it blood either of those who are or of those whom we wish to have for our fellow citizens They are very weak who flatter themselves that in the state to which things have come our colonies will be easily conquered by force alone The persons who now govern the resolutions of what they call their Continental Congress feel in themselves at this moment a degree of importance which perhaps the greatest subjects in Europe scarce feel From shopkeepers tradesmen and attornies, they are become statesmen and legislators and are employed in contriving a new form of government for an extensive empire which they flatter themselves will become and which indeed seems very likely to become one of the greatest and most formidable that ever was in the world Five hundred different people perhaps who in different ways act immediately under the Continental Congress and five hundred thousand perhaps who act under those five hundred all feel in the same manner a proportionable rise in their own importance Almost every individual of the governing party in America fills at present in his own fancy a station superior not only to what he had ever filled before but to what he had ever expected to fill and unless some new object of ambition is presented either to him or to his leaders if he has the ordinary spirit of a man he will die in defence of that station

It is a remark of the president Henaut that we now read with pleasure the account of many little transactions of the Ligue which when they happened were not perhaps considered as very important pieces of news But every man then says he fancied himself of some importance and the innumerable memoirs which have come down to us from those times were the greater part of them written by people who took pleasure in recording and magnifying events in which they flattered themselves they had been considerable actors How obstinately the city of Paris upon that occasion defended itself what a dreadful famine it supported rather than submit to the best and afterwards to the most beloved of all the French kings, is well known The greater part of the citizens or those who

governed the greater part of them fought in defence of their own importance, which they foresaw was to be at an end whenever the ancient government should be re-established. Our colonies, unless they can be induced to consent to a union, are very likely to defend themselves against the best of all mother countries as obstinately as the city of Paris did against one of the best of kings.

The idea of representation was unknown in ancient times. When the people of one state were admitted to the right of citizenship in another, they had no other means of exercising that right but by coming in a body to vote and deliberate with the people of that other state. The admission of the greater part of the inhabitants of Italy to the privileges of Roman citizens completely ruined the Roman republic. It was no longer possible to distinguish between who was and who was not a Roman citizen. No tribe could know its own members. A rabble of any kind could be introduced into the assemblies of the people, could drive out the real citizens, and decide upon the affairs of the republic as if they themselves had been such. But though America were to send fifty or sixty new representatives to Parliament, the doorkeeper of the House of Commons could not find any great difficulty in distinguishing between who was and who was not a member. Though the Roman constitution, therefore, was necessarily ruined by the union of Rome with the allied states of Italy, there is not the least probability that the British constitution would be hurt by the union of Great Britain with her colonies. That constitution, on the contrary, would be completed by it, and seems to be imperfect without it. The assembly which deliberates and decides concerning the affairs of every part of the empire, in order to be properly informed, ought certainly to have representatives from every part of it. That this union, however, could be easily effectuated, or that difficulties and great difficulties might not occur in the execution, I do not pretend. I have yet heard of none, however, which appear insurmountable. The principal perhaps arise, not from the nature of things, but from the prejudices and opinions of the people both on this and on the other side of the Atlantic.

We on this side of the water are afraid lest the multitude of American representatives should overturn the balance of the constitution, and increase too much either the influence of the crown on the one hand, or the force of the democracy on the other. But if the number of American representatives were to be in proportion to the produce of American taxation, the number of people to be managed would increase [illegible] to the means of managing them, and the means of managing to the number of people to be managed. The monarchical and democratical parts of the constitution would, after the union, stand exactly in the same degree of relative force with regard to one another as they had done before.

The people on the other side of the water are afraid lest their distance from the seat of government might expose them to many oppressions. But their representatives in Parliament, of which the number ought from the first to be considerable, would easily be able to protect them from all oppression. The distance could not much weaken the dependency of the representative upon the constituent, and the former would still feel that he owed his seat in Parliament, and all the consequences which he derived from it, to the good will of the latter. It would be the interest of the former, therefore, to cultivate that good will by complaining, with all the authority of a member of the legislature, of every outrage which any civil or military officer might be guilty of in those remote parts of the empire. The distance of America from the seat of government, besides, the natives of that country might flatter themselves, with some appearance of reason too, would not be of very long continuance. Such has hitherto been the rapid progress of that country in wealth, population, and improvement, that in the course of little more than a century, perhaps, the produce of American might exceed that of British taxation. The seat of the empire would then naturally remove itself to that part of the empire which contributed most to the general defence and support of the whole.

The discovery of America, and that of a passage to the East Indies by the Cape of Good Hope, are the two greatest and most important events recorded in the history of mankind. Their consequences have already been very great; but, in the short period of between two and three centuries which has elapsed since these discoveries were made, it is impossible that the whole extent of their consequences can have been seen. What benefits or what misfortunes to mankind may hereafter result from those great events, no human wisdom can foresee. By uniting, in some measure, the most distant parts of the world, by enabling them to relieve one another's wants, to increase one another's enjoyments, and to encourage one another's industry, their general tendency would seem to be beneficial. To the natives, however, both of the East and West Indies, all the commercial benefits which can have resulted from those events have been sunk and lost in the dreadful misfortunes which they have [illegible]

These misfortunes however, seem to have arisen rather from accident than from any thing in the nature of those events themselves At the particular time when these discoveries were made, the superiority of force happened to be so great on the side of the Europeans that they were enabled to commit with impunity every sort of injustice in those remote countries Hereafter perhaps the natives of those countries may grow stronger, or those of Europe may grow weaker, and the inhabitants of all the different quarters of the world may arrive at that equality of courage and force which by inspiring mutual fear can alone overawe the injustice of independent nations into some sort of respect for the rights of one another But nothing seems more likely to establish this equality of force than that mutual communication of knowledge and of all sorts of improvements which an extensive commerce from all countries to all countries naturally or rather necessarily carries along with it

In the meantime one of the principal effects of those discoveries has been to raise the mercantile system to a degree of splendour and glory which it could never otherwise have attained to It is the object of that system to enrich a great nation rather by trade and manufactures than by the improvement and cultivation of land rather by the industry of the towns than by that of the country But in consequence of those discoveries the commercial towns of Europe instead of being the manufacturers and carriers for but a very small part of the world (that part of Europe which is washed by the Atlantic Ocean and the countries which lie round the Baltic and Mediterranean seas) have now become the manufacturers for the numerous and thriving cultivators of America and the carriers and in some respects the manufacturers too for almost all the different nations of Asia Africa and America Two new worlds have been opened to their industry each of them much greater and more extensive than the old one and the market of one of them growing still greater and greater every day

The countries which possess the colonies of America and which trade directly to the East Indies enjoy indeed the whole show and splendour of this great commerce Other countries however notwithstanding all the invidious restraints by which it is meant to exclude them frequently enjoy a greater share of the real benefit of it The colonies of Spain and Portugal for example, give more real encouragement to the industry of other countries than to that of Spain and Portugal In the single article of linen alone the consumption of those colonies amounts it is said but I do not pretend to warrant the quantity to more than three millions sterling a year But this great consumption is almost entirely supplied by France Flanders Holland and Germany Spain and Portugal furnish but a small part of it The capital which supplies the colonies with this great quantity of linen is annually distributed among and furnishes a revenue to the inhabitants of, those other countries The profits of it only are spent in Spain and Portugal where they help to support the sumptuous profusion of the merchants of Cadiz and Lisbon

Even the regulations by which each nation endeavours to secure to itself the exclusive trade of its own colonies are frequently more hurtful to the countries in favour of which they are established than to those against which they are established The unjust oppression of the industry of other countries falls back if I may say so upon the heads of the oppressors and crushes their industry more than it does that of those other countries By those regulations for example the merchant of Hamburg must send the linen which he destines for the American market to London and he must bring back from thence the tobacco which he destines for the German market because he can neither send the one directly to America nor bring back the other directly from thence By this restraint he is probably obliged to sell the one somewhat cheaper and to buy the other somewhat dearer than he otherwise might have done and his profits are probably somewhat abridged by means of it In this trade however, between Hamburg and London he certainly receives the returns of his capital much more quickly than he could possibly have done in the direct trade to America even though we should suppose what is by no means the case that the payments of America were as punctual as those of London In the trade therefore to which those regulations confine the merchant of Hamburg his capital can keep in constant employment a much greater quantity of German industry than it possibly could have done in the trade from which he is excluded Though the one employment therefore may to him perhaps be less profitable than the other it cannot be less advantageous to his country It is quite otherwise with the employment into which the monopoly naturally attracts if I may say so the capital of the London merchant That employment may perhaps be more profitable to him than the greater part of other employments but, on account of the slowness of the returns it cannot be more advantageous to his country

After all the unjust attempts therefore of every country in Europe to engross to itself the whole advantage of the trade of its own

colonies no country has yet been able to engross itself anything but the expense of supporting in time of peace and of defending in time of war the oppressive authority which it assumes over them The inconveniencies resulting from the possession of its colonies, every country has engrossed to itself completely The advantages resulting from their trade it has been obliged to share with many other countries

At first sight, no doubt the monopoly of the great commerce of America naturally seems to be an acquisition of the highest value To the undiscerning eye of giddy ambition it naturally presents itself amidst the confused scramble of politics and war as a very dazzling object to fight for The dazzling splendour of the object, however the immense greatness of the commerce is the very quality which renders the monopoly of it hurtful or which makes one employment in its own nature necessarily less advantageous to the country than the greater part of other employments absorb a much greater proportion of the capital of the country than what would otherwise have gone to it

The mercantile stock of every country it has been shown in the second book, naturally seeks if one may say so the employment most advantageous to that country If it is employed in the carrying trade the country to which it belongs becomes the emporium of the goods of all the countries whose trade that stock carries on But the owner of that stock necessarily wishes to dispose of as great a part of those goods as he can at home He thereby saves himself the trouble risk and expense of exportation and he will upon that account be glad to sell them at home not only for a much smaller price but with somewhat a smaller profit than he might expect to make by sending them abroad He naturally therefore endeavours as much as he can to turn his carrying trade into a foreign trade of consumption If his stock again is employed in a foreign trade of consumption he will for the same reason be glad to dispose of at home as great a part as he can of the home goods which he collects in order to export to some foreign market and he will thus endeavour as much as he can to turn his foreign trade of consumption into a home trade The mercantile stock of every country naturally courts in this manner the near and shuns the distant employment naturally courts the employment in which the returns are frequent and shuns that in which they are distant and slow naturally courts the employment in which it can maintain the greatest quantity of productive labour in the country to which it belongs, or in which its owner resides and shuns that in which it can maintain there the smallest quantity It naturally courts the employment which in ordinary cases is most advantageous and shuns that which in ordinary cases is least advantageous to that country

But if in any of those distant employments which in ordinary cases are less advantageous to the country the profit should happen to rise somewhat higher than what is sufficient to balance the natural preference which is given to nearer employments this superiority of profit will draw stock from those nearer employments till the profits of all return to their proper level This superiority of profit however is a proof that in the actual circumstances of the society, those distant employments are somewhat understocked in proportion to other employments and that the stock of the society is not distributed in the properest manner among all the different employments carried on in it It is a proof that something is either bought cheaper or sold dearer than it ought to be and that some particular class of citizens is more or less oppressed either by paying more or by getting less than what is suitable to that equality which ought to take place and which naturally does take place among all the different classes of them Though the same capital never will maintain the same quantity of productive labour in a distant as in a near employment yet a distant employment may be as necessary for the welfare of the society as a near one the goods which the distant employment deals in being necessary perhaps, for carrying on many of the nearer employments But if the profits of those who deal in such goods are above their proper level those goods will be sold dearer than they ought to be or somewhat above their natural price and all those engaged in the nearer employments will be more or less oppressed by this high price Their interest therefore in this case requires that some stock should be withdrawn from those nearer employments and turned towards that distant one in order to reduce its profits to their proper level and the price of the goods which it deals in to their natural price In this extraordinary case, the public interest requires that some stock should be withdrawn from those employments which in ordinary cases are more advantageous and turned towards one which in ordinary cases is less advantageous to the public and in this extraordinary case the natural interests and inclinations of men coincide as exactly with the public interest as in all other ordinary cases, and lead them to withdraw stock from the near and to turn it towards the distant employment

It is thus that the private interests and passions of individuals naturally dispose them-

to turn their stocks towards the employments which in ordinary cases are most advantageous to the society But if from this natural preference they should turn too much of it

therefore the private interests and passions of men naturally lead them to divide and distribute the stock of every society among all the different employments carried on in it as nearly as possible in the proportion which is most agreeable to the interest of the whole society

trade to those two great continents absorbs a greater quantity of stock than any two other branches of trade The regulations however by which this derangement is effected in those two different branches of trade are not altogether the same Monopoly is the great engine of both but it is a different sort of monopoly Monopoly of one kind or another indeed seems to be the sole engine of the mercantile system

In the trade to America every nation endeavours to engross as much as possible the whole market of its own colonies by fairly excluding all other nations from any direct trade to them During the greater part of the sixteenth century the Portuguese endeavoured to manage the trade to the East Indies in the same manner by claiming the sole right of sailing in the Indian seas on account of the merit of having first found out the road to them The Dutch still continue to exclude all other European nations from any direct trade to their spice islands Monopolies of this kind are evidently established against all other European nations who are thereby not only excluded from a trade to which it might be convenient for them to *turn some part of their stock but are obliged* to buy the goods which that trade deals in somewhat dearer than if they could import them themselves directly from the countries

however and with in these few years in France the trade to the East Indies has in every European country been subjected to an exclusive company Monopolies of this kind are properly established against the very nation which erects them The greater part of that nation are thereby not only excluded

and free to all their countrymen Since the

which the company may have made upon those goods in consequence of their monopoly but for all the extraordinary waste which the fraud and abuse inseparable from the

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Both these kinds of monopolies derange more or less the natural distribution of the stock of the society but they do not always derange it in the same way

Monopolies of the first kind always attract to the particular trade in which they are established a greater proportion of the stock of the society than what would go to

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times repel it from that trade according to different circumstances In poor countries they naturally attract towards that trade more stock than would otherwise go to it In rich countries they naturally repel from it a good deal of stock which would otherwise go to it

Such poor countries as Sweden and Denmark for example would probably have never sent a single ship to the East Indies had not the trade been subjected to an exclusive company The establishment of such a company necessarily encourages adventurers Their monopoly secures them against *all competitors in the home market* and they have the same chance for foreign markets with the traders of other nations Their monopoly shows them the certainty of a great profit upon a considerable quantity of ofit

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trary would probably in the case of a free trade send many more ships to the East

tries sometimes into loans to private traders and adventurers of foreign countries some times into the most round about foreign trades of consumption, and sometimes into the carrying trade All near employments being completely filled up, all the capital which can be placed in them with any tolerable

more extensive than both Europe and America put together

Every derangement of the natural distribution of stock is necessarily hurtful to the society in which it takes place whether it be

siderable loss by part of its capital being excluded from the employment most convenient for that part And in the same manner

perhaps in India they turn

so great a part of their small capital to so very distant a trade in which the returns are so very slow in which that capital can maintain so small a quantity of productive labour at home, where productive labour is so much wanted where so little is done, and where

Indies it will not from thence follow that such a company ought to be established there but only that such a country ought not in these circumstances to trade directly to the East Indies That such companies are not in general necessary for carrying on the East India trade is sufficiently demonstrated by the experience of the Portuguese who enjoyed almost the whole of it for more than a century together without any exclusive company

No private merchant, it has been said

returning and the expense of so long a delay would not only eat up the whole profit of the adventure, but frequently occasion a very

nation is ripe for any great branch of trade some merchants naturally turn their capitals

they at present belong and put under the

carrying on all those different branches of it it would be a proof that, at that particular time, that country was not ripe for that trade,

and that it would do better to buy for some time even at a higher price from other European nations the East India goods it had occasion for than to import them itself directly from the East Indies What it might lose by the high price of those goods could seldom be equal to the loss which it would sustain by the distraction of a large portion of its capital from other employments more necessary or more useful or more suitable to its circumstances and situation than a direct trade to the East Indies

Though the Europeans possess many considerable settlements both upon the coast of Africa and in the East Indies they have not yet established in either of those countries such numerous and thriving colonies as those in the islands and continent of America Africa however as well as several of the countries comprehended under the general name of the East Indies, are inhabited by barbarous nations But those nations were by no means so weak and defenceless as the miserable and helpless Americans, and in proportion to the natural fertility of the countries which they inhabited they were besides much more populous The most barbarous nations either of Africa or of the East Indies were shepherds even the Hottentots were so But the natives of every part of America except Mexico and Peru were only hunters and the difference is very great between the number of shepherds and that of hunters whom the same extent of equally fertile territory can maintain In Africa and the East Indies therefore it was more difficult to displace the natives and to extend the European plantations over the greater part of the lands of the original inhabitants The genius of exclusive companies besides is unfavourable it has already been observed to the

clusive companies and their settlements at

resemblance to the colonies of America and are partly inhabited by Portuguese who have been established there for several genera

are peculiarly fortunate in their situation The Cape of Good Hope was inhabited by a race of people almost as barbarous and quite as incapable of defending themselves as the

very extensive market for the surplus produce of the colonists What the Cape of Good Hope is between Europe and every part of the East Indies Batavia is between the principal countries of the East Indies It lies

touch at Batavia and it is over and above all

island of Celebes are frequently to be seen in its port Such advantageous situations have enabled those two colonies to surmount all the obstacles which the oppressive genius of an exclusive company may have occasionally opposed to their growth They have enabled Batavia to surmount the additional disadvantage of perhaps the most unwholesome climate in the world

they both govern their new subjects the natural genius of an exclusive company has shown itself most distinctly In the spice islands the Dutch are said to burn all the spiceries which a fertile season produces beyond what they expect to dispose of in Europe with such a profit as they think sufficient In the islands where they have no settlements they give a premium to those who

pated Even in the islands where they have settlements they have very much reduced it is said the number of those trees If the produce even of their own islands was much greater than what suited their market the natives they suspect might find means to convey some part of it to other nations and the best way they imagine to secure their own monopoly is to take care that no more shall grow than what they themselves carry

to market By different arts of oppression they have reduced the population of several of the Moluccas nearly to the number which is sufficient to supply with fresh provisions and other necessaries of life their own insig nificant garrisons and such of their ships as

in Bengal so perfectly destructive a system The plan of their government however has had exactly the same tendency It has not been uncommon I am well assured for the chief that is the first clerk of a factory to order a peasant to plough up a rich field of popp es and sow it with r ce or some other grain The pretence was to prevent a scarcity

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other occasions the order has been reversed and a rich field of rice or other grain has been ploughed up in order to make room for a plantation of poppies when the ch ef foresaw that extraordinary profit was likely to be made by opium The servants of the company have upon several occasions attempted to establish in their own favour the monopoly of some of the most important branches not only of the foreign but of the inland trade of tl e country Had they been allowed to go on it is imposs ble tl at they should not at some time or another have attempted to re

ısı col ıpany would in this marrel have probably proved as completely destructive as that of the Dutch

Nothing however can be more directly contrary to the real interest of those com panies considered as the sovereigns of the countries which they have conquered than

nual produce of their land and labour the more they can afford to the sovere gn It is his interest therefore to increase as much as possible that annual produce But if this is

tion to the quantity and value of the produce and both the one and the other must depen l upon the extent of the market The quantity will always be suited with more or less exact ness to the consumption of those who can afford to pay for it and the price which they will pay will always be in proportion to the eagerness of tl eir competition It is the in terest of such a sovereign therefore to open the most extensive market for the produce of his country to allow the most perfect free dom of commerce in order to increase as much as possible the number and the com petition of buyers and upon this account to abolish not only all monopol es but all re straints upon the transportation of the home produce from one part of the country to an other upon its exportation to foreign coun tries or upon the importation of goods of any kind for which it can be exchanged It is in this manner most likely to increase both the quantity and value of that produce and con sequently of his own share of it or of h s own revenue

But a company of merchants are it seems incapable of cons dering themselves as sover eigns even after they have become such Trade or buying in order to sell again they still consider as their principal business and by a strange absurdity regard the character

purpose to keep out as much as possible all *competitors from the market of the countries* which are subject to their government and consequently to reduce at least some part of

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permanent revenue of the sovereign and would gradually lead them to treat the coun tr es subject to their government nearly as the D itch treat the Moluccas. It is the inter est of the East India Company cons lere l

should be sol l ere as cal as po s ble the reverse of tl is is their interest as mer chants As sovereigns their interest

the same with that of the country which they govern As merchants their interest is directly opposite to that interest

But if the genius of such a government even as to what concerns its direction in Europe is in this manner essentially and per haps incurably faulty that of its administra- tion in India is still more so That administra tion is necessarily composed of a council of merchants a profession no doubt extremely respectable but which in no country in the

obedience only by the military force with which they are accompanied and their gov ernment is therefore necessarily military and despotical Their proper business however is that of merchants It is to sell upon their masters account the European goods con signed to them and to buy in return Indian goods for the European market It is to sell the one as dear and to buy the other as cheap as possible and consequently to exclude as much as possible all rivals from the particular market where they keep their shop The genius of the administration therefore so far as concerns the trade of the company is the same as that of the direction It tends to make government subservient to the interest of monopoly and consequently to stunt the natural growth of some parts at least of the surplus produce of the country to what is barely sufficient for answering the demand of the company

All the members of the administration be sides trade more or less upon their own ac count and it is in vain to prohibit them from doing so Nothing can be more completely foolish than to expect that the clerks of a great counting house at ten thousand miles distance and consequently almost quite out of sight should upon a simple order from

and content themselves with the moderate salaries which those masters allow them and which moderate as they are can seldom be augmented being commonly as large as the real profits of the company trade can afford In such circumstances to prohibit the serv ants of the company from trading upon their own account can have scarce any other effect than to enable the superior servants under pretence of executing their masters order to

private trade as of the public trade of the company If they are suffered to act as they could wish they will establish this monopoly openly and directly by fairly prohibiting all other people from trading in the articles in which they choose to deal and this perhaps, is the best and least oppressive way of estab- lishing it But if by an order from Europe

authority of government and pervert the administration of justice in order to harass and ruin those who interfere with them in any branch of commerce which by means of agents either concealed or at least not pub licly avowed they may choose to carry on But the private trade of the servants will naturally extend to a much greater variety of articles than the public trade of the com pany The public trade of the company ex tends no further than the trade with Europe and comprehends a part only of the foreign trade of the country But the private trade of the servants may extend to all the d ffer ent branches both of its inland and fore gn trade The monopoly of the company can

ral growth of every part of the produce in which they choose to deal of what is des tined for home consumption as well as of what is destined for exportation and conse quently to degrade the cultivation of the whole country and to reduce the number of its inhabitants It tends to reduce the quan tity of every sort of produce even that of the necessaries of life whenever the servants of the company choose to deal in them to what those servants can both afford to buy and ex pect to sell with such a profit as pleases them

From the nature of their situation too the servants must be more disposed to sup port with rigorous severity their own interest against that of the country which they gov ern than their masters can be to support

The interest of every propr etor of India stock however is by no means the same w th that of the country n the government of wh ch h s vote gives h m some influence See bk v ch i pt iii

ever oppress it But the real interest of the servants is by no means the same with that of the country, and the most perfect information would not necessarily put an end to their oppressions The regulations accordingly which have been sent out from Europe,

I mean not however, by anything which I have here said to throw any odious imputation upon the general character of the servants of the East India Company, and much less upon that of any particular persons It is the system of government, the situation in which they are placed, that I mean to censure, not the character of those who have acted in it They acted as their situation naturally directed and they who have clam

however, had been bred to professions very different from war and politics But their situation alone, without education experience, or even example, seems to have formed in them all at once the great qualities which it required and to have inspired them both with abilities and virtues which they themselves could not well know that they possessed If upon some occasions therefore it has animated them to actions of magnanimity which could not well have been expected from them we should not wonder if upon others it has prompted them to exploits of somewhat a *different nature*

Such exclusive companies therefore, are nuisances in every respect always more or less inconvenient to the countries in which they are established and destructive to those which have the misfortune to fall under their government

CHAPTER VIII

Conclusion of the Mercantile System

Though the encouragement of exportation and the discouragement of importation are

pretends is always the same, to enrich the country by an advantageous balance of trade It discourages the exportation of the materials of manufacture, and of the instruments of trade in order to give our own workmen an advantage, and to enable them to undersell those of other nations in all foreign markets and by restraining in this manner, the exportation of a few commodities, of no great price, it proposes to occasion a much greater and more valuable exportation of others It encourages the importation of the materials of manufacture in order that our own people may be enabled to work them up more cheaply, and thereby prevent a greater and more valuable importation of the manufactured commodities I do not observe, at least in our Statute Book, any encouragement given to the importation of the instruments of trade When manufactures have advanced to a certain pitch of greatness, the fabrication of the instruments of trade becomes itself the object of a great number of very im

portation therefore instead of being encouraged has frequently been prohibited Thus the importation of wool cards, except from Ireland, or when brought in as wreck or prize goods was prohibited by the 3rd of Edward IV which prohibition was renewed by *the 39th of Elizabeth and has been continued* and rendered perpetual by subsequent laws

materials of manufacture has been encouraged by an exemption from all duties if prop-

They are, however, perfectly just and reason

able, and if, consistently with the necessities of the state they could be extended to all the other materials of manufacture the public would certainly be a gainer

The avidity of our great manufacturers, however, has in some cases extended these exemptions a good deal beyond what can justly be considered as the rude materials of their work By the 24th George II, c 46 a small duty of only one penny the pound was imposed upon the importation of foreign brown linen yarn instead of much higher duties to which it had been subjected before viz of sixpence the pound upon sail yarn, of *one shilling the pound* upon all French and Dutch yarn and of two pounds thirteen shillings and fourpence upon the hundredweight of all spruce or Muscovia yarn But our manufacturers were not long satisfied with this *reduction By the 29th of the same king* c 15 the same law which gave a bounty upon the exportation of British and Irish linen of which the price did not exceed eighteenpence the yard even this small duty upon the *importation of brown linen* yarn was taken away In the different operations however, which are necessary for the preparation of linen yarn a good deal more industry is employed than in the subsequent operation of preparing linen cloth from linen yarn To say nothing of the industry of the flax growers and flax dressers three or four spinners at least are necessary in order to keep one weaver in constant employment and more than four fifths of the whole quantity of labour necessary for the preparation of linen cloth is employed in that of linen yarn but our spinners are poor people women commonly scattered about in all different parts of the country without support or protection It is not by the sale of their work but by that of the complete work of the weavers that our great master manufacturers make their profits As it is their interest to sell the complete manufacture as dear so is it to buy the materials as cheap as possible By extorting from the legislature bounties upon the exportation of their own linen high duties upon the importation of all foreign linen and a total prohibition of the home consumption of some sorts of French linen they endeavour to sell their own goods as dear as possible By encouraging the importation of foreign linen yarn and thereby bringing it into competition with that which is made by our own people they endeavour to buy the work of the poor spinners as cheap as possible They are as intent to keep down the wages of their *own weavers as the earnings of the poor* spinners and it is by no means for the benefit of the workman that they endeavour either to raise the price of the complete work or to lower that *of the rude materials It is the industry* which is carried on for the benefit of the rich and the powerful that is principally encouraged by our mercantile system That which is carried on for the benefit of the poor and the indigent is too often either neglected or oppressed

Both the bounty upon the exportation of linen and the exemption from duty upon the importation of foreign yarn which were granted only for fifteen years but continued by two different prolongations expire with the end of the session of Parliament which shall immediately follow the 24th of June 1786

The encouragement given to the importation of the materials of manufacture by bounties has been principally confined to such as were imported from our American plantations

The *first bounties of this kind were* those granted about the beginning of the present century upon the importation of naval stores from America Under this denomination were comprehended timber fit for masts yards and bowsprits hemp tar, *pitch and turpen*tine The bounty, however, of one pound the ton upon masting timber and that of six pounds the ton upon hemp were extended to such as should be imported into England from Scotland *Both* these bounties continued without any variation at the same rate till they were severally allowed to expire that upon hemp on the 1st of January 1741 and that upon masting timber at the end of the session of Parliament immediately *following* the 24th June 1781

The bounties upon the importation of tar pitch and turpentine underwent during their continuance several alterations *Originally* that upon tar was four pounds the ton that upon pitch the same and that upon turpentine three pounds the ton The bounty of four pounds the ton upon tar was afterwards confined to such as had been prepared in a particular manner, that upon other good clean and merchantable tar was reduced to two pounds four shillings the ton The bounty upon pitch was likewise reduced to one pound and that upon turpentine to one pound ten shillings the ton

The second bounty upon the importation of any of the materials of manufacture according to the order of time was that granted by the 21st George II c 30 upon the importation of indigo from the British plantations When the plantation indigo was worth three fourths of the price of the best French indigo it was by this act entitled to a bounty of six*pence the pound* This bounty which like most others was granted only for a limited time was continued by several prolongations, but was reduced to fourpence the pound It

was allowed to expire with the end of the session of Parliament which followed the 25th March 1781

The third bounty of this kind was that granted (much about the time that we were beginning sometimes to court and sometimes to quarrel with our American colonies) by the 4th George III c 26 upon the importation of hemp or undressed flax from the British plantations This bounty was granted for twenty-one years from the 24th June 1764 to the 24th June 1785 For the first seven years it was to be at the rate of eight pounds the ton for the second at six pounds and for the third at four pounds It was not extended to Scotland, of which the climate (although hemp is sometimes raised there in small quantities and of an inferior quality) is not very fit for that produce Such a bounty upon the importation of Scotch flax into England would have been too great a discouragement to the native produce of the southern part of the United Kingdom

The fourth bounty of this kind was that granted by the 5th George III c 45 upon the importation of wood from America It was granted for nine years from the 1st January 1766 to the 1st January 1775 During the first three years it was to be for every hundred and twenty good deals at the rate

granted by the 9th George III c 38 upon the importation of raw silk from the British plantations It was granted for twenty one years from the 1st January 1770 to the 1st January 1791 For the first seven years it was to be at the rate of twenty five pounds for every hundred pounds value for the second at twenty pounds and for the third at fifteen pounds The management of the silk worm and the preparation of silk requires so much hand labour and labour is so very dear in America that even this great bounty I have

was granted for nine years from 1st January 1772 to the 1st January 1781 For the first three years it was for a certain quantity of each to be at the rate of six pounds for the second three years at four pounds and for the third three years at two pounds

The seventh and last bounty of this kind was that granted by the 19th George III c 37 upon the importation of hemp from Ireland It was granted in the same manner as that for the importation of hemp and undressed flax from America for twenty-one years from the 24th June 1779 to the 24th June 1800 This term is divided likewise into three periods of seven years each and in each of those periods the rate of the Irish bounty is the same with that of the American It

Great Britain When this last bounty was granted the British and Irish legislatures were not in much better humour with one another than the British and American had been before But this boon to Ireland it is to be hoped has been granted under more fortunate auspices than all those to America

The same commodities upon which we thus gave bounties when imported from America were subjected to considerable duties when imported from any other country The inter

out upon the improvement of our own property and for the profitable employment of our

to no other

The exportation of the materials of manufacture is sometimes discouraged by absolute

perity of the nation depended upon the success and extension of their particular business They have not only obtained a monopoly against the consumers by an absolute prohibition of importing woollen cloths from any foreign country but they have likewise obtained another monopoly against the sheep

farmers and growers of wool by a similar prohibition of the exportation of live sheep and wool The severity of many of the laws which have been enacted for the security of the revenue is very justly complained of as imposing heavy penalties upon actions which antecedent to the statutes that declared them to be crimes had always been understood to be innocent But the cruellest of our revenue laws I will venture to affirm are mild and gentle in comparison of some of those which the clamour of our merchants and manufacturers has extorted from the legislature for the support of their own absurd and oppressive monopolies Like the laws of Draco these laws may be said to be all written in blood

By the 8th of Elizabeth c 3 the exporter of sheep lambs or rams was for the first offence to forfeit all his goods for ever to suffer a year s imprisonment, and then to have his left hand cut off in a market town upon a market day to be there nailed up and for the second offence to be adjudged a felon and to suffer death accordingly To prevent the breed of our sheep from being propagated in foreign countries seems to have been the object of this law By the 13th and 14th of Charles II c 18 the exportation of wool was made felony and the exporter subjected to the same penalties and forfeitures as a felon

For the honour of the national humanity it is to be hoped that neither of these statutes were ever executed The first of them however so far as I know has never been directly repealed and Serjeant Hawkins seems to consider it as still in force It may however perhaps be considered as virtually repealed by the 12th of Charles II c 32 sect 3 which without expressly taking away the penalties imposed by former statutes imposes a new penalty viz that of twenty shillings for every sheep exported or attempted to be exported together with the forfeiture of the sheep and of the owner s share of the ship The second of them was expressly repealed by the 7th and 8th of William III c 28 sect 4 By which it is declared that Whereas the statute of the 13th and 14th of King Charles II made against the exportation of wool among other things in the said act mentioned doth enact the same to be deemed felony by the severity of which penalty the prosecution of offenders hath not been so effectually put in execution Be it therefore enacted by the authority aforesaid that so much of the said act which relates to the making the said offence felony be repealed and made void

The penalties however which are either imposed by this milder statute or which though imposed by former statutes are not repealed by this one are still sufficiently severe Besides the forfeiture of the goods the exporter incurs the penalty of three shillings for every pound weight of wool either exported or attempted to be exported that is about four or five times the value Any merchant or other person convicted of this offence is disabled from requiring any debt or account belonging to him from any factor or other person Let his fortune be what it will whether he is or is not able to pay those heavy penalties the law means to ruin him completely But as the morals of the great body of the people are not yet so corrupt as those of the contrivers of this statute I have not heard that any advantage has ever been taken of this clause If the person convicted of this offence is not able to pay the penalties within three months after judgment he is to be transported for seven years, and if he returns before the expiration of that term he is liable to the pains of felony without benefit of clergy The owner of the ship knowing this offence forfeits all his interest in the ship and furniture The master and mariners, knowing this offence forfeit all their goods and chattels and suffer three months imprisonment By a subsequent statute the master suffers six months imprisonment

In order to prevent exportation the whole inland commerce of wool is laid under very burdensome and oppressive restrictions It cannot be packed in any box barrel cask, case chest or any other package but only in packs of leather or pack cloth on which must be marked on the outside the words *wool* or *yarn* in large letters not less than three inches long on pain of forfeiting the same and the package and three shillings for every pound weight to be paid by the owner or packer It cannot be loaden on any horse or cart or carried by land within five miles of the coast but between sun rising and sunsetting on pain of forfeiting the same the horses and carriages The hundred next adjoining to the sea-coast out of or through which the wool is carried or exported forfeits twenty pounds if the wool is under the value of ten pounds and if of greater value then treble that value together with treble costs, to be sued for within the year The execution to be against any two of the inhabitants whom the sessions must reimburse by an assessment on the other inhabitants, as in the cases of robbery And if any person compounds with the hundred for less than this penalty he is to be imprisoned for five years and any other person may prosecute These regulations take place through the whole kingdom

But in the particular counties of Kent and Sussex the restrictions are still more troublesome Every owner of wool within ten miles of the sea-coast must given an account in

writing, three days after shearing to the next officer of the customs, of the number of his fleeces, and of the places where they are lodged And before he removes any part of them he must give the like notice of the number and weight of the fleeces, and of the name and abode of the person to whom they are sold, and of the place to which it is intended they should be carried No person within fifteen miles of the sea, in the said counties, can

any person claim the same, he must give security to the Exchequer that if he is cast upon trial he shall pay treble costs, besides all other penalties

When such restrictions are imposed upon the inland trade, the coasting trade, we may believe, cannot be left very free Every owner of wool who carries or causes to be carried any wool to any port or place on the seacoast, in order to be from thence transported by sea to any other place or port on the coast, must first cause an entry thereof to be made at the port from whence it is intended to be conveyed, containing the weight, marks, and number of the packages, before he brings the same within five miles of that port, on pain of forfeiting the same, and also the

in ten days after shearing, and before he remove the wool he do under his hand certify to the next officer of the customs, the true number of fleeces, and where it is housed, and do not remove the same, without certifying to such officer under his hand, his intention so to do, three days before" Bond must be given that the wool to be carried coast-

additional penalty of three shillings for every pound weight is likewise incurred

Our woollen manufactures, in order to justify their demand of such extraordinary re-

thus, having no rivals, could sell at what

the present times, but very much below what it actually was in the time of Edward III

erally below what wool of a very inferior quality commonly sells for in the market of Amsterdam To depress the price of this commodity below what may be called its natural and proper price was the avowed purpose of those regulations and there seems to be no doubt of their having produced the effect that

low what it formerly was, yet below what, in the present state of things, it probably would have been, had it, in consequence of an open and free market, been allowed to rise to the natural and proper price I am however disposed to believe that the quantity of the

annual produce cannot have been much though it may perhaps have been a little affected by these regulations The growing of wool is not the chief purpose for which the sheep farmer employs his industry and stock He expects his profit not so much from the price of the fleece as from that of the carcass and the average or ordinary price of the latter must even in many cases make up to him whatever deficiency there may be in the average or ordinary price of the former It has been observed in the foregoing part of this work that Whatever regulations tend to sink the price either of wool or of raw hides below what it naturally would be must in an

the landlord and the profit which the farmer

the other In what manner this price is to be divided upon the different parts of the beast is indifferent to the landlords and farmers

in the annual produce of that commodity except so far as by raising the price of mutton it may somewhat diminish the de mand for and consequently the production of that particular species of butcher s meat Its effect however even in this way it is probable is not very considerable

But though its effect upon the quantity of the annual produce may not have been very considerable its effect upon the quality it may perhaps be thought must necessarily have been very great The degradation in the quality of Engl sh wool if not below what it was in former times yet below what it natu rally would have been in the present state of improvement and cultivation must have

these circumstances it may naturally enough

be imagined can never be greater than in proportion to the recompense which the price of the fleece is likely to make for the labour and expense which that attention requires

ing the course even of the present century The improvement might perhaps have been greater if the price had been better but the lowness of price though it may have ob structed yet certainly it has not altogether prevented that improvement

The violence of these regulations therefore seems to have affected neither the quantity nor the quality of the annual produce of wool so much as it might have been expected to do (though I think it probable that it may

been much less hurt than could

been imagined

These considerations however will not jus tify the absolute prohibition of the exporta tion of wool But they will fully justify the imposition of a considerable tax upon that exportation

To hurt in any degree the interest of any one order of citizens for no other purpose but to promote that of some other is evi dently contrary to that justice and equality of treatment which the sovereign owes to all the different orders of his subjects But the prohibition certainly hurts in some degree the interest of the growers of wool for no other purpose but to promote that of the manufacturers

Every different order of citizens is bound to contribute to the support of the sovere gn or commonwealth A tax of five or even of ten shillings upon the exportation of every ton of wool would produce a very considerable revenue to the sovereign It would hurt the interest of the growers somewhat less than the prohibition because it would not prob ably lower the price of wool quite so much It would afford a sufficient advantage to the manufacturer because though he might not

able revenue to the sovereign, and at the same time occasion so little inconveniency to any body

in the foreign market presents such a temptation to smuggling that all the rigour of the law cannot prevent it This illegal exportation is advantageous to nobody but the smuggler A legal exportation subject to a tax, by affording a revenue to the sovereign and thereby saving the imposition of some other, perhaps more burdensome and inconvenient taxes might prove advantageous to all the different subjects of the state

The exportation of fuller's earth or fuller's clay, supposed to be necessary for preparing and cleansing the woolen manufactures has been subjected to nearly the same penalties as the exportation of wool Even tobacco-pipe *clay though acknowledged to be different* from fuller's clay yet, on account of their resemblance and because fuller's clay might sometimes be exported as tobacco pipe clay, has been laid under the same prohibitions and penalties

By the 13th and 14th of Charles II c 7, the exportation not only of raw hides but of tanned leather, except in the shape of boots shoes, or slippers was prohibited and the law gave a monopoly to our bootmakers and shoemakers not only against our graziers but against our tanners By subsequent statutes our tanners have got themselves exempted from this monopoly upon paying a small tax of only one shilling on the hundred weight of tanned leather weighing one hundred and twelve pounds They have obtained likewise the drawback of two-thirds of the excise duties *imposed upon their commodity* even

selves from such as may have been imposed

monopoly against the graziers.

Restraints either by prohibitions or by taxes upon the exportation of goods which are partially but not completely manufac-

turers think that they themselves ought to have the doing of it Woolen yarn and worsted are prohibited to be exported under the same penalties as wool Even white cloths are subject to a duty upon exportation and our dyers have so far obtained a monopoly against our clothiers Our clothiers would probably have been able to defend themselves against it but it happens that the greater part of our principal clothiers are themselves likewise dyers Watch cases, clock-cases and dial plates for clocks and watches have been prohibited to be exported Our clock makers and watch makers are, it seems, unwilling that the price of this sort of workmanship should be raised upon them by the

f what shroff Brass ported duty free

The exportation of the materials of manufacture where it is not altogether prohibited, is in many cases subjected to considerable duties

By the 8th George I c 15, the exportation of all goods the produce or manufacture of Great Britain upon which any duties had been imposed by former statutes, was rendered duty free The following goods however were excepted alum lead lead ore tin tanned leather copperas coals wool cards white woolen cloths lapis calaminaris skins of all sorts, glue coney hair or wool hares wool hair of all sorts horses and litharge of lead If you expect horses all these are

them subject to all the old duties which had ever been imposed upon them the old subsidy and one per cent outwards

By the same statute a great number of foreign drugs for dyers' use are exempted from all duties upon importation Each of them however, is afterwards subjected to a certain duty not indeed a very heavy one upon exportation Our dyers, it seems while they thought it for their interest to encourage the importation of those drugs by an exemption from all duties thought it likewise for their interest to throw some small discouragement upon their exportation The avidity, however, which suggested this notable piece of mercantile ingenuity most probably disappointed itself of its object It necessarily taught the importers to be more careful than they might otherwise have been that their importation should not exceed what was necessary for the supply of the home market The home market was at all times likely to be more scantily supplied the commodities were at all times likely to be somewhat dearer there than they would have been had the exportation been rendered as free as the importation

By the above mentioned statute gum senega or gum arabic being among the enumerated dyeing drugs might be imported duty free They were subjected, indeed to a small poundage duty amounting only to threepence in the hundredweight upon their re-exportation France enjoyed at that time an exclusive trade to the country most productive of those drugs that which lies in the neighbourhood of the Senegal and the British market could not easily be supplied by the immediate importation of them from the place of growth By the 25th George II therefore gum senega was allowed to be imported (contrary to the general dispositions of the Act of Navigation) from any part of Europe As the law however did not mean to encourage this species of trade so contrary to the general principles of the mercantile policy of England it imposed a duty of ten shillings the hundredweight upon such importation and no part of this duty was to be afterwards drawn back upon its exportation The successful war which began in 1755 gave Great Britain the same exclusive trade to those countries which France had enjoyed before Our manufacturers as soon as the peace was made endeavoured to avail themselves of this advantage and to establish a monopoly in their own favour both against the growers and against the importers of this commodity By the 5th George III therefore c 37, the exportation of gum senega from his Majesty's dominions in Africa was confined to Great Britain and was subjected to all the same restrictions regulations forfeitures and penalties as that of the enumerated commodities of the British colonies in America and the West Indies Its importation, indeed was subjected to a small duty of sixpence the hundredweight, but its re-exportation was subjected to the enormous duty of one pound ten shillings the hundredweight It was the intention of our manufacturers that the whole produce of those countries should be imported into Great Britain and, in order that they themselves might be enabled to buy it at their own price that no part of it should be exported again but at such an expense as would sufficiently discourage that exportation Their avidity however upon this as well as upon many other occasions, disappointed itself of its object This enormous duty presented such a temptation to smuggling that great quantities of this commodity were clandestinely exported probably to all the manufacturing countries of Europe put particularly to Holland not only from Great Britain but from Africa Upon this account by the 14th George III c 10 this duty upon exportation was reduced to five shillings the hundredweight

In the book of rates, according to which the Old Subsidy was levied beaver skins were estimated at six shillings and eightpence a piece and the different subsidies and imposts which before the year 1722 had been laid upon their importation amounted to one-fifth part of the rate or to sixteenpence upon each skin all of which except half the Old Subsidy amounting only to twopence was drawn back upon exportation This duty upon the importation of so important a material of manufacture had been thought too high and in the year 1722 the rate was reduced to two shillings and sixpence which reduced the duty upon importation to sixpence and of this only one half was to be drawn back upon exportation The same successful war put the country most productive of beaver under the dominion of Great Britain and beaver skins being among the enumerated commodities their exportation from America was consequently confined to the market of Great Britain Our manufacturers soon bethought themselves of the advantage which they might make of this circumstance and in the year 1764 the duty upon the importation of beaver skin was reduced to one penny but the duty upon exportation was raised to sevenpence each skin without any drawback of the duty upon importation By the same law a duty of eighteenpence the pound was imposed upon the exportation of beaver wool or wombs without making any alteration in the duty upon the importation of that commodity which when imported by

Britain and in British shipping amounted at that time to between fourpence and fivepence the piece

Coals may be considered both as a material of manufacture and as an instrument of trade Heavy duties accordingly, have been im posed upon their exportation amounting at present (1783) to more than five shillings the ton, or to more than fifteen shillings the chaldron Newcastle measures which is in most cases more than the original value of the commodity at the coal pit, or even at the shipping port for exportation

The exportation, however, of the instruments of trade, properly so called is commonly restrained, not by high duties, but by absolute prohibitions Thus by the 7th and 8th of William III, c 20, sect 8 the expor tation of frames or engines for knitting gloves or stockings is prohibited under the penalty, not only of the forfeiture of such

[illegible]

manner by the 14th George III, c 71, the exportation to foreign parts of any utensils made use of in the cotton linen woollen, and silk manufactures is prohibited under the penalty, not only of the forfeiture of such utensils but of two hundred pounds to be paid by the person who shall offend in this manner, and likewise of two hundred pounds to be paid by the master of the ship who shall knowingly suffer such utensils to be loaded on board his ship

When such heavy penalties were imposed

[illegible]

into any foreign parts in order to practise or teach his trade is liable for the first offence to be fined in any sum not exceeding one hundred pounds and to three months' im-

[illegible]

artificer, or that any artificer has promised or [illegible] the pur[illegible] be obl[illegible] of the [illegible] the seas and may be committed to prison until he give such security

If any artificer has gone beyond the seas and is exercising or teaching his trade in any

[illegible]

return into this realm, and from thenceforth abide and inhabit continually within the same, he is from thenceforth declared inca pable of taking any legacy devised to him within this kingdom or of being executor or administrator to any person, or of taking any

[illegible]

It is unnecessary, I imagine, to observe how contrary such regulations are to the boasted liberty of the subject of which we affect to be so very jealous but which in this case, is so plainly sacrificed to the futile interests of our merchants and manufacturers

The laudable motive of all these regula tions is to extend our own manufactures not

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selves should have the monopoly of the in genuity of all their countrymen Though by restraining in some trades, the number of apprentices which can be employed at one

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any part of this small number should go abroad to instruct foreigners

Consumption is the sole end and purpose of all production, and the interest of the pro-

[illegible]

all industry and commerce

In the restraints upon the importation of all foreign commodities which can come into competition with those of our own growth or manufacture the interest of the home consumer is evidently sacrificed to that of the producer It is altogether for the benefit of the latter that the former is obliged to pay that enhancement of price which this monopoly almost always occasions

It is altogether for the benefit of the producer that bounties are granted upon the exportation of some of his productions The home consumer is obliged to pay first the tax which is necessary for paying the bounty, and secondly the still greater tax which necessarily arises from the enhancement of the price of the commodity in the home market

By the famous treaty of commerce with Portugal the consumer is prevented by high duties from purchasing of a neighbouring country a commodity which our own climate does not produce but is obliged to purchase it of a distant country though it is acknowledged that the commodity of the distant country is of a worse quality than that of the near one The home consumer is obliged to submit to this inconveniency in order that the producer may import into the distant country some of his productions upon more advantageous terms than he would otherwise have been allowed to do The consumer too is obliged to pay whatever enhancement in the price of those very productions this forced exportation may occasion in the home market

But in the system of laws which has been established for the management of our American and West Indian colonies the interest of the home consumer has been sacrificed to that of the producer with a more extravagant profusion than in all our other commercial regulations A great empire has been established for the sole purpose of raising up a nation of customers who should be obliged to buy from the shops of our different producers all the goods with which these could supply them For the sake of that little enhancement of price which this monopoly might afford our producers the home consumers have been burdened with the whole expense of maintaining and defending that empire For this purpose and for this purpose only in the two last wars more than two hundred millions have been spent and a new debt of more than a hundred and seventy millions has been contracted over and above all that had been expended for the same purpose in former wars The interest of this debt alone is not only greater than the whole extraordinary profit which it ever could be pretended was made by the monopoly of the colony trade but than the whole value of that trade, or than the whole value of the goods which at an average have been annually exported to the colonies

It cannot be very difficult to determine who have been the contrivers of this whole mercantile system not the consumers we may believe whose interest has been entirely neglected but the producers whose interest has been so carefully attended to and among this latter class our merchants and manufacturers have been by far the principal architects In the mercantile regulations, which have been taken notice of in this chapter the interest of our manufacturers has been most peculiarly attended to and the interest, not so much of the consumers as that of some other sets of producers has been sacrificed to it

Chapter IX

Of the Agricultural Systems or of those Systems of Political Economy which represent the Produce of Land as either the sole or the principal Source of the Revenue and Wealth of every Country

The agricultural systems of political economy will not require so long an explanation as that which I have thought it necessary to bestow upon the mercantile or commercial system

That system which represents the produce of land as the sole source of the revenue and wealth of every country has so far as I know never been adopted by any nation and it at present exists only in the speculations of a few men of great learning and ingenuity in France It would not surely be worth while to examine at great length the errors of a system which never has done and probably never will do any harm in any part of the world I shall endeavour to explain however as distinctly as I can the great outlines of this very ingenious system

Mr Colbert the famous minister of Louis XIV was a man of probity of great industry and knowledge of detail of great experience and acuteness in the examination of public accounts and of abilities in short every way fitted for introducing method and good order into the collection and expenditure of the public revenue That minister had unfortunately embraced all the prejudices of the mercantile system in its nature and essence a system of restraint and regulation and such as could scarce fail to be agreeable to a laborious and plodding man of business, who had been accustomed to regulate the different departments of public offices and to establish the necessary checks and controls for confining each to its proper sphere The industry and commerce of a great country he endeavoured to regulate upon the same model as the departments of a public office

and instead of allowing every man to pursue his own interest in his own way, upon the liberal plan of equality, liberty, and justice, he bestowed upon certain branches of industry extraordinary privileges, while he laid others under as extraordinary restraints He was not only disposed like other European ministers, to encourage more the industry of the towns than that of the country, but, in order to support the industry of the towns, he was willing even to depress and keep down that of the country In order to render provisions cheap to the inhabitants of the towns and thereby to encourage manufactures and foreign commerce, he prohibited altogether the exportation of corn and thus excluded the inhabitants of the country from every foreign market for by far the most important part of the produce of their industry This prohibition joined to the restraints imposed by the ancient provincial laws of Franc[illegible]
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trary[illegible]
upon[illegible]
inces,[illegible]

inquiries were set on foot concerning the causes of it. One of those causes appeared to be the preference given, by the institutions of Mr Colbert, to the industry of the towns *above that of the country*

try of the towns was certainly overvalued in comparison with that of the country, so in their system it seems to be as certainly undervalued

The different orders of people who have

the cultivators or farmers and country labourers, whom they honour with the peculiar appellation of the productive class The third

The class of proprietors contributes to the annual produce by the expense which they may occasionally lay out upon the improvement of the land, upon the buildings, drains, enclosures, and other ameliorations which they may either make or maintain upon it, and by means of which the cultivators are enabled, with the same capital, to raise a greater produce, and consequently to pay a greater rent This advanced rent may be considered as the interest or profit due to the proprietor upon the expense or capital which

tem called the original and annual expenses (*dépenses primitives et dépenses annuelles*) which they lay out upon the cultivation of the land The original expenses consist in the instruments of husbandry, in the stock of cattle, in the seed, and in the maintenance of the farmer's family, servants, and cattle during at least a great part of the first year of his occupancy, or till he can receive some return from the land The annual expenses consist in the seed, in the wear and tear of

after paying the rent ought to be sufficient, first, to replace to him within a reasonable *time, at least during the term of his occu*

wise with the ordering profits of stock Those two sorts of expenses are two capitals which the farmer employs in culti

disables the farmer from pay[illegible] rent, but from paying the reasonable rent which he might otherwise have got for his land The rent which properly belongs to the landlord is no more than the net produce which remains after paying in the completest

manner all the necessary expenses which must be previously laid out in order to raise the gross or the whole produce It is because the labour of the cultivators over and above pay ing completely all those necessary expenses, affords a net produce of this kind that this class of people are in this system peculiarly distinguished by the honourable appellation of the productive class Their original and annual expenses are for the same reason called in this system productive expenses because over and above replacing their own value they occasion the annual reproduction of this net produce

The ground expenses as they are called, or

advanced rent ought to be regarded as sacred and inviolable both by the church and by the king ought to be subject neither to tithe nor to taxation If it is otherwise by dis couraging the improvement of land the church discourages the future increase of her own tithes and the king the future increase of his own taxes As in a well ordered state of things therefore those ground expenses

three sorts of expenses which in this system are considered as productive All other ex penses and all other orders of people even those who in the common apprehensions of men are regarded as the most productive are in this account of things represented as al together barren and unproductive

Artificers and manufacturers in particular whose industry in the common apprehen sions of men increases so much the value of the rude produce of land are in this system represented as a class of people altogether barren and unproductive Their labour it is said replaces only the stock which employs them together with its ordinary profits That stock consists in the materials tools and wages advanced to them by their employer and is the fund destined for their employ ment and maintenance Its profits are the fund destined for the maintenance of their employer Their employer as he advances to them the stock of materials tools and wages necessary for their employment, so he ad vances to himself what is necessary for his own maintenance and this maintenance he *generally proportions to the profit which he* expects to make by the price of their work Unless its price repays to him the mainte nance which he advances to himself as well as the materials tools and wages which he advances to his workmen it evidently does not repay to him the whole expense which he lays out upon it The profits of manufactur ing stock therefore are not like the rent of land a net produce which remains after completely repaying the whole expense which must be laid out in order to obtain them The stock of the farmer yields him a profit as well as that of the master manufacturer and it yields a rent likewise to another person which

say so the existence of its own value and *does not produce any new value It is there* fore altogether a barren and unproductive expense The expense on the contrary laid out in employing farmers and country la bourers over and above continuing the ex istence of its own value produces a new val ue the rent of the landlord It is therefore a productive expense

Mercantile stock is equally barren and un

a part of the expense which must be laid out in employing it

of other parts is precisely equal to the value which it adds to those parts so that the value of the whole amount is not at any one mo ment of time in the least augmented by it The person who works the lace of a pair of fine ruffles for example will sometimes raise the value of perhaps a pennyworth of flax to thirty pounds sterling But though at first sight he appears thereby to multiply the value of a part of the rude produce about seven thousand and two hundred times he in re ality adds nothing to the value of the whole annual amount of the rude produce The working of that lace costs him perhaps two years labour The thirty pounds which he gets for it when it is finished is no more than

the repayment of the subsistence which he advances to himself during the two years that he is employed about it The value which by every day s month s or year s labour he adds to the flax does no more than replace the value of his own consumption during that day month or year At no moment of time therefore does he add any thing to the value of the whole annual amount of

the work of farmers and country labourers The rent of the landlord is a value which in ordinary cases it is continually producing over and above replacing in the most complete manner the whole consumption the whole expense laid out upon the employment and maintenance both of the workmen and of their employer

Artificers manufacturers and merchants can augment the revenue and wealth of their society by parsimony only or as it is expressed in this system by privation that is

part of them unless they annually deprive

country labourers on the contrary may enjoy completely the whole funds destined for their own subsistence and yet augment at the same time the revenue and wealth of their society Over and above what is destined for their own subsistence, their industry annually affords a net produce of which the augmentation necessarily augments the revenue and wealth of their society Nations therefore which like France or England consist in a great measure of proprietors and cultivators

rich only through parsimony and privation As the interest of nations so differently circumstanced is very different, so is likewise the common character of the people in those of the former kind liberality frankness and good fellowship naturally make a part of that common character in the latter narrowness meanness and a selfish disposition averse to all social pleasure and enjoyment

The unproductive class that of merchants artificers and manufacturers is maintained and employed altogether at the expense of the two other classes of that of proprietors and of that of cultivators They furnish it

the profits of all their employers Those workmen and their employers are properly the servants of the proprietors and cultivators They are only servants who work without doors as menial servants work within Both the one and the other however are equally

The unproductive class however is not only useful but greatly useful to the other two classes By means of the industry of merchants artificers and manufacturers the proprietors and cultivators can purchase both the foreign goods and the manufactured produce of their own country which they have occasion for with the produce of a much smaller quantity of their own labour than what they would be obliged to employ if they were to

costs either the proprietors or themselves The industry of merchants artificers and

to confine itself to its proper employment the cultivation of land and the plough goes frequently the easier and the better by means of the labour of the man whose business is most remote from the plough

It can never be the interest of the proprietors and cultivators to restrain or to discourage in any respect the industry of merchants

cheaper will the other two classes be supplied, both with foreign goods and with the manufactured produce of their own country

It can never be the interest of the unproductive class to oppress the other two classes It is the surplus produce of the land, or what remains after deducting the maintenance,

maintained and employed altogether at the expense of the proprietors and cultivators of land The only difference is that those proprietors and cultivators are the greater part of them, placed at a most inconvenient distance from the merchants, artificers and manufacturers whom they supply with the materials of their work and the fund of their subsistence,—the inhabitants of other countries and the subjects of other governments

Such mercantile states, however, are not only useful, but greatly useful to the inhabitants of those other countries They fill up, in some measure, a very important void, and supply the place of the merchants, artificers, and manufacturers whom the inhabitants of those countries ought to find at home, but whom, from some defect in their policy, they do not find at home

It can never be the interest of those landed nations, if I may call them so, to discourage or distress the industry of such mercantile states by imposing high duties upon their trade or upon the commodities which they furnish Such duties by rendering those commodities dearer could serve only to sink the real value of the surplus produce of their own land, with which or what comes to the same thing, with the price of which those commodities are purchased Such duties could serve only to discourage the increase of that surplus produce, and consequently the improvement and cultivation of their own land The most effectual expedient on the contrary, for raising the value of that surplus produce, for encouraging its increase and consequently the improvement and cultivation of their own land, would be to allow the most perfect freedom to the trade of all such mercantile nations

This perfect freedom of trade would even be the most effectual expedient for supplying them, in due time, with all the artificers, manufacturers, and merchants whom they wanted at home, and for filling up in the

a greater capital than what could be employed with the ordinary rate of profit in the improvement and cultivation of land, and the surplus part of it would naturally turn

from want of art and skill, they might ... for some time be able to work as cheap, yet, finding a market at home, they might be able to sell their work there as cheap as that of

those landed nations, in consequence of the

same manner gradually jostle out many of the manufacturers of such mercantile nations

This continual increase both of the rude and manufactured produce of those landed nations would in due time create a greater capital than could, with the ordinary rate of profit, be employed either in agriculture or in manufactures The surplus of this capital would naturally turn itself to foreign trade and be employed in exporting to foreign countries such parts of the rude and manufactured produce of its own country as exceeded the

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When a landed nation on the contrary, oppresses either by high duties or by pro-

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agriculture a part of the c h had before been employed in it or hinders from going to it a part of what would otherwise have gone to it This policy therefore discourages agriculture in two different ways first by sinking the real value of its produce and thereby lowering the rate of its profit and second the rate of profit in

nation should be ab
and merchants of its own

fore it was perfectly ripe for them By raising up too hastily one species of industry it

with its proud
a free rent to the landlord It would depress productive labour by encouraging too hastily that labour which is altogether barren and unproductive

In what manner according to this system the sum total of the annual produce of the land is distributed among the three classes above mentioned and in what manner the labour of the unproductive class does no more than replace the value of its own consumption without increasing in any respect the value of that sum total is represented by Mr Quesnai the very ingenious and profound author of this system in some arithmetical formularies The first of these formularies which by way of eminence he peculiarly distinguishes by the name of the Economical Table represents the manner in which he supposes the distribution takes place in a state of the most perfect liberty and therefore of the highest prosperity—in a state where the annual produce is such as to afford the greatest possible net produce, and where each class enjoys its proper share of the whole annual produce Some subsequent formularies represent the manner in which he supposes
different states of

share which ought properly
productive class Every such encroachment, every violation of that natural distribution which the most perfect liberty would establish must according to this system necessarily degrade more or less from one year to another the value and sum total of the annual produce and must necessarily occasion a gradual declension in the real wealth and revenue of the society a declension of which the progress must be quicker or slower ac

mularies represent the different degrees of declension which according to this system correspond to the different degrees in which this natural distribution is violated

Some speculative physicians seem to have imagined that the health of the human body

could be preserved only by a certain precise regimen of diet and exercise of which every the smallest violation necessarily occasioned some degree of disease or disorder propor tioned to the degree of the violation Experi ence however would seem to show that the human body frequently preserves to all ap pearances at least the most perfect state of health under a vast variety of different regi mens even under some which are generally believed to be very far from being perfectly wholesome But the healthful state of the hu man body it would seem contains in itself some unknown principle of preservation capa ble either of preventing or of correcting in many respects the bad effects even of a very faulty regimen Mr Quesnai who was him self a physician and a very speculative phy sician seems to have entertained a not on of the same kind concerning the political body and to have imagined that it would thrive and prosper only under a certain precise regi men the exact regimen of perfect liberty and

has fortunately made ample provision for remedying many of the bad effects of the folly and injustice of man in the same man ner as it has done in the natural body for remedying those of his sloth and intemper ance

The capital error of this system however seems to lie in its representing the class of artificers manufacturers and merchants as

ductive should seem to be very improperly applied to it We should not call a marriage barren or unproductive though it produced only a son and a daughter to replace the father and mother and though it did not in crease the number of the human species but only continued it as it was before Farmers and country labourers indeed over and above the stock which maintains and employs them

bour of farmers and country labourers is certainly more productive than that of mer chants artificers and manufacturers The su perior produce of the one class however does not render the other barren or unproductive

Secondly it seems upon this account alto gether improper to consider art ficers manu facturers and merchants in the same l ght as menial servants The labour of menial serv ants does not continue the existence of the fund which maintains and employs them Their maintenance and employment is alto gether at the expense of their masters and the work which they perform is not of a na ture to repay that expense That work con sists in services which perish generally in the very instant of their performance and does not fix or realize itself in any vendible com modity which can replace the value of their wages and maintenance The labour on the

treat of productive and unproductive labour I have classed artificers manufacturers and merchants among the productive labourers, and menial servants among the barren or un productive

Thirdly it seems upon every supposition improper to say that the labour of artificers manufacturers and merchants does not in crease the real revenue of the society Though we should suppose for example as it seems

land and labour of the society An artificer for example who in the first six months after harvest executes ten pounds worth of work though he should in the same time consume ten pounds worth of corn and other neces

corn and other necessaries he has produced an equal value of work capable of purchasing either to himself or some other person an

equal half yearly revenue The value there fore of what has been consumed and produced during these six months is equal not to ten but to twenty pounds It is possible indeed that no more than ten pounds worth of this value may ever have existed at any one moment of time But if the ten pounds worth of corn and other necessaries which were consumed by the artificer had been con sumed by a sold er or by a menial servant the value of that part of the annual produce which existed at the end of the six months wo ll h e been ten p n ls le s than t ar

one moment of time be supposed greater than the value he consumes yet at every moment of time tl e actually existing value of goods in the market is in consequence of what he produces greater than it otherwise would be

When the patrons of this system assert that the consumption of artificers manufac turers and merchants is equal to the value of what they produce they probably mean no more than that their revenue or the fund destined for their consumption is equal to it But if they had expressed themselves more accurately and only asserted that the reve nue of this class was equal to the value of what they produced it might readily have occurred to the reader that what would natu rally be saved out of this revenue must neces sarily increase more or less the real wealth of the soc ety In order therefore to make out

inconclusive one

Fourthly farmers and country labourers can no more augment without parsimony tl e real revenue the annual produce of the land and labour of their society than artif icers manufacturers and merchants The an nual produce of the land and labour of any society can be augmented only in two ways e ther first by some improvement in the productive powers of the useful labour actually maintained within it or secondly by some increase in the quantity of that labour

The improvement in the productive powers of useful labour depend first upon the im provement in the ability of the workman and secondly upon that of the machinery with wh ch he works But the labour of artif icers and manufacturers as it is capable of being more sub livi led and the labour of each workman reduced to a greater simplicity of operation tl an that of farmers and coun try labourers so it is l kewise capable of both these sorts of improvements in a much higher degree In this respect therefore the class of cultivators can have no sort of advantage over that of artificers and manufacturers

The increase in the quantity of useful la bour actually employed within any society must depend altogether upon the increase of the capital which employs it and the increase of that capital again must be exactly equal to the amount of the savings from the reve nue either of the particular persons who manage and direct the employment of that capital or of some other persons who lend it to them If merchants artificers and manu facturers are as this system seems to suppose naturally more inclined to parsimony and saving than proprietors and cultivators they are so far more likely to augment the quan tity of useful labour employed with n their society and consequently to increase its real revenue the annual produce of its land and labour

Fifthly and lastly though the revenue of the inhabitants of every country was sup posed to consist altogether as this system

ufactures a greater quantity of subsistence can be annually imported into a particular country than what its own lands in the ac tual state of their cultivation could afford The inhabitants of a town though they frequently possess no lands of their own yet draw to themselves by their industry such a quantity of the rude produce of the lands of

hood one independent state or country may frequently be with regard to other independ ent states or countr es It is thus that Hol

of manufactured produce purchases a great

generally obliged to purchase at the expense of a great part of its rude produce a very small part of the manufactured produce of

[1] See Bk i ch i

other countries The one exports what can subsist and accommodate but a very few, [illegible]

The inhabitants of the one must always enjoy a much greater quantity of subsistence than what their own lands in the actual state of their cultivation could afford The inhabitants of the other must always enjoy a much smaller quantity

This system however with all its imperfections is perhaps the nearest approximation to the truth that has yet been published upon the subject of political economy and is upon that account well worth the consideration of every man who wishes to examine with attention the principles of that very important science Though in representing the labour which is employed upon land as the only productive labour the notions which it inculcates are perhaps too narrow and confined yet in representing the wealth of na [illegible]

doctrine seems to be in every respect as just as it is generous and liberal Its followers are very numerous and as men are fond of paradoxes and of appearing to understand what surpasses the comprehension of ordinary people the paradox which it maintains concerning the unproductive nature of manufacturing labour has not perhaps contributed a [illegible]

omists Their works have certainly been of some service to their country not only by bringing into general discussion many subjects which had never been well examined before but by influencing in some measure the public administration in favour of agriculture It has been in consequence of their representations accordingly that the agriculture of France has been delivered from several of the oppressions which it before laboured under The term during which such a lease can be granted as will be valid against every future purchaser or proprietor of the land has been prolonged from nine to twenty seven years The ancient provincial [illegible]

the kingdom in all ordinary cases This sect, in their works which are very numerous and which treat not only of what is properly called Political Economy or of the nature [illegible]

variety in the greater part of their works [illegible]

their master who was himself a [illegible] greatest modesty and simplicity is not inferior to that of any of the ancient philosophers for the founders of their respective systems There have been since the world began" says a very diligent and respectable author the Marquis de Mirabeau three great inventions which have principally given stability to political societies independent of many other inventions which have enriched and adorned them The first [illegible]

third is the Economical Table the result of the other two which completes them both by perfecting their object the great discovery of our age but of which our posterity will reap the benefit'

As the political economy of the nations of [illegible] able to [illegible]

more favourable to agriculture than to manufactures and foreign trade

The policy of China favours agriculture more than all other employments In China the condition of a labourer is said to be as much superior to that of an artificer as in most parts of Europe that of an artificer is to that of a labourer In China the great ambition of every man is to get possession of some little bit of land either in property or in lease and leases are there said to be granted upon very moderate terms and to be sufficiently secured to the lessees The Chinese have little respect for foreign trade Your beggarly commerce! was the language in which the Mandarins of Pekin used to talk to Mr de Lange the Russian envoy concern

ing it[1] Except with Japan the Chinese carry on themselves and in their own bottoms little or no foreign trade and it is only into one or two ports of their kingdom that they [illegible]

[illegible] quently contain a great value and can upon that account be transported at less expense from one country to another than most parts of rude produce are in almost all countries the principal support of foreign trade In countries besides less extensive and less favourably circumstanced for inferior commerce than China they generally require the support of foreign trade Without an extensive foreign market they could not well flourish either in countries so moderately extensive as to afford but a narrow home market or in countries where the communication between one province and another was so difficult as to render it impossible for the goods of any particular place to enjoy the whole of that home market which the country could afford The perfection of manufacturing industry it must be remembered depends altogether upon the division of labour and the degree to which the division of labour can be introduced into any manufacture is necessarily regulated it has already been shown by the extent of the market But the great extent of the empire of China the vast multitude of its inhabitants the variety of climate and consequently of productions in its different provinces and the easy communication by means of water carriage between the greater part of them render the home market of that country of so great extent as to be alone sufficient to support very great manufactures and to admit of very *considerable subdivisions of labour* The home market of China is perhaps in extent not much inferior to the market of all the different countries of Europe put together A more extensive foreign trade however which to this great home market added the foreign market of all the rest of the world—especially if any considerable part of this [illegible]

[illegible] industry By a more extensive navigation the Chinese would naturally learn the art of using and constructing themselves all the different machines made use of in other countries as well as the other improvements of art and industry which are practised in all the different parts of the world Upon their present plan they have little opportunity except that of the Japanese

The policy of ancient Egypt too and that of the Gentoo government of Indostan seem to have favoured agriculture more than all other employments

Both in ancient Egypt and Indostan the whole body of the people was divided into different castes or tribes each of which was confined from father to son to a particular employment or class of employments The son of a priest was necessarily a priest the son of a soldier a soldier the son of a labourer a labourer the son of a weaver a weaver the son of a tailor a tailor etc In both countries the caste of the priests held the highest rank and that of the soldiers the next and in both countries the caste of the farmers and labourers was superior to the cas [illegible]

tic [illegible]
tur [illegible]
sov [illegible]
tion of the waters of the Nile were famous in antiquity and the ruined remains of some of them are still the admiration of travellers Those of the same kind which were con [illegible]

[illegible]

populous yet in years of moderate plenty they were both able to export great quan [illegible]

[illegible]

a fire nor consequently to dress any victuals upon the water it in effect prohibits them [illegible]

[illegible]

crease of the manufactured produce more [illegible]

[illegible]

more than three hundred pairs of shoes in the year and his own family will not perhaps,

[1] See the journal of Mr de Lange in Bell's *Travels* vol ii pp 258 [illegible] 293

of artificers will seldom in a large country, make more than one in fifty or one in a hundred of the whole number of families contained in it But in such large countries as France and England the number of people

try But as the produce of the agriculture of both France and England is the far greater part of it consumed at home each person employed in it must according to these computations require little more than the custom of one two or at most of four such

the foreign market was in some measure compensated by the conveniency of many inland navigations which opened in the most advantageous manner the whole extent of the home market to every part of the produce of every different district of those countries The great extent of Indostan too rendered the home market of that country very great and sufficient to support a great variety of manufactures But the small ex

est quantity of rice has always been more remarkable for the exportation of a great variety of manufactures than for that of its

always most distinguished for its great exportation of grain It was long the granary of the Roman empire

The sovereigns of China of ancient Egypt, and of the different kingdoms into which Indostan has at different times been divided have always derived the whole or by far the most considerable part of their revenue from some sort of land tax or land rent This land tax or land rent like the tithe in Europe consisted in a certain proportion a fifth it is said of the produce of the land which was either delivered in kind or paid in money according to a certain valuation and which therefore varied from year to year according to all the variations of the produce It was natural therefore that the sovereigns of those countries should be particularly attentive to the interests of agriculture upon the prosperity or declension of which immediately depended the yearly increase or diminution of their own revenue

The policy of the ancient republics of Greece and that of Rome though it honoured agriculture more than manufactures or foreign trade, yet seems rather to have discouraged the latter employments than to have given any direct or intentional encouragement to the former In several of the ancient states of Greece, foreign trade was prohibited altogether and in several others the employments of artificers and manufacturers were considered as hurtful to the strength and agility of the human body as rendering it incapable of those habits which their military and gymnastic exercises endeavoured to form in it and as thereby disqualifying it more or less for undergoing the fatigues and encountering the dangers of war Such occupations were considered as fit only for slaves and the free citizens of the state were prohibited from exercising them Even in those states where no such prohibition took place as in Rome and Athens the great body of the people were in effect excluded from all the trades which are now commonly exercised by the lower sort of the inhabitants of towns Such trades were at Athens and Rome all occupied by the slaves of the rich who exercised them for the benefit of their masters, whose wealth power and protection made it almost impossible for a poor freeman to find a market for his work when it came into competition with that of the slaves of the rich Slaves however, are very seldom in

ies of freemen Should a slave improvement of this kind his master would be very apt to consider the proposal as the suggestion of laziness and a desire to save his own labour at the master s expense The poor slave instead of reward would probably meet with much abuse perhaps with some punishment In the manufactures carried on by slaves therefore more labour must generally have been employed to execute the same quantity of work than in those carried

not richer have always been wrought with less expense and therefore with more profit than the Turkish mines in their neighbour

hood The Turkish mines are wrought by slaves and the arms of those slaves are the only machines which the Turks have ever thought of employing The Hungarian mines

factures in the times of the Greeks and Romans it would appear that those of the finer sort were excessively dear Silk sold for

bered contained only twelve of our avoirdupois ounces This high price indeed seems to have been principally owing to the dye

tween the value of the accessory and that of the principal The price mentioned by the same[2] author of some Triclinaria a sort of woollen pillows or cushions made use of to lean upon as they reclined upon their couches at table passes all credibility some of them being said to have cost more than thirty thousand others more than three hundred thousand pounds This high price too is not said to have arisen from the dye In the dress of the people of fashion of both sexes there seems to have been much less variety it is observed by Doctor Arbuthnot in ancient than in modern times and the very little variety which we find in that of the ancient statues confirms his observation He infers from this that their dress must upon the whole have been cheaper than ours but the conclusion does not seem to follow When the expense of fashionable dress is very great, the variety must be very small But when, by the improvements in the productive powers of manufacturing art and industry, the expense of any one dress comes to be very moderate the variety will naturally be very great The rich not being able to distinguish themselves by the expense of any one dress will naturally endeavour to do so by the multitude and variety of their dresses

The greatest and most important branch of the commerce of every nation it has al

of it manufactured and prepared for immediate use The trade which is carried on between these two different sets of people consists ultimately in a certain quantity of rude produce exchanged for a certain quantity of manufactured produce The dearer the latter therefore the cheaper the former and whatever tends in any country to raise the price of manufactured produce tends to lower that of the rude produce of the land and thereby to discourage agriculture The smaller the quantity of manufactured produce which in any given quantity of rude produce or what comes to the same thing which the

crease its quantity by improving or the farmer by cultivating the land Whatever

factures and foreign trade act contrary to the very end which they propose and indirectly discourage that very species of industry which they mean to promote They are so far perhaps more inconsistent than even the mercantile system That system by encouraging manufactures and foreign trade more than agriculture turns a certain portion of the capital of the society from supporting a more advantageous, to support a less advan

[1] Pliny ix 39 [2] Pliny viii 48

tageous species of industry But still it really and in the end encourages that species of industry which it means to promote Those agricultural systems on the contrary really and in the end discourage their own favourite species of industry

It is thus that every system which endeavours either by extraordinary encouragements to draw towards a particular species of industry a greater share of the capital of the society than what would naturally go to it or by extraordinary restraints force from a particular species of industry some share of the capital which would otherwise be employed in it is in reality subversive of the great purpose which it means to promote It retards instead of accelerating the progress of the society towards real wealth and greatness and diminishes instead of increasing the real value of the annual produce of its land and labour

All systems either of preference or of restraint therefore being thus completely taken away the obvious and simple system of natural liberty establishes itself of its own accord Every man as long as he does not violate the laws of justice is left perfectly free to pursue his own interest his own way and to bring both his industry and capital into competition with those of any other man or order of men The sovereign is completely discharged from a duty in the attempting to perform which he must always be exposed to innumerable delusions and for the proper performance of which no human wisdom or knowledge could ever be sufficient the duty of superintending the industry of private people and of directing it towards the employments most suitable to the interest of the society According to the system of natural liberty the sovereign has only three duties to attend to three duties of great importance indeed but plain and intelligible to common understandings first the duty of protecting the society from violence and invasion of other independent societies secondly the duty of protecting as far as possible every member of the society from the injustice or oppression of every other member of it or the duty of establishing an exact [illegible] of justice and thirdly the [illegible] pub- [illegible] s which [illegible] it can [illegible] y and [illegible] vidual or small number of individuals, to erect and maintain because the profit could never repay the expense to any individual or small number of individuals though it may frequently do much more than repay it to a great society

The proper performance of those several duties of the sovereign necessarily supposes a certain expense and this expense again necessarily requires a certain revenue to support it In the following book therefore I shall endeavour to explain first what are the necessary expenses of the sovereign or commonwealth and which of those expenses ought to be defrayed by the general contribution of the whole society and which of them by that of some particular part only or of some particular members of the society secondly what are the different methods in which the whole society may be made to contribute towards defraying the expenses incumbent on the whole society and what are the principal advantages and inconveniences of each of those methods and thirdly what are the reasons and causes which have induced almost all modern governments to mortgage some part of this revenue or to contract debts and what have been the effects of those debts upon the real wealth the annual produce of the land and labour of the society The following book therefore will naturally be divided into three chapters

Book Five

OF THE REVENUE OF THE SOVEREIGN OR COMMONWEALTH

Part 1

Of the Expense of Defence

CHAPTER I

Of the Expenses of the Sovereign or Commonwealth

The first duty of the sovereign that of protecting the society from the violence and invasion of other independent societies can be performed only by means of a military

different states of society, in the different periods of improvement

Among nations of hunters the lowest and rudest state of society such as we find it among the native tribes of North America

tains himself by his own labour in the same manner as when he lives at home His society, for in this state of things there is properly neither sovereign nor commonwealth, is at no sort of expense either to prepare him for the field or to maintain him while he is in it

Among nations of shepherds a more advanced state of society such as we find it among the Tartars and Arabs every man is in the same manner a warrior Such nations

consumed the forage of one part of the country, it removes to another and from that to a third In the dry season it comes down to the banks of the rivers in the wet season it retires to the upper country When such a

even in time of peace easily takes the field in time of war Whether it marches as an army or moves about as a company of herdsmen the way of life is nearly the same though the object proposed by it be very different They all go to war together therefore and every one does as well as he can Among the Tartars even the women have been frequently known to engage in battle If they conquer whatever belongs to the hostile tribe is the recompense of the victory But if they are vanquished, all is lost

and dispersed in the desert

The ordinary life the ordinary exercises

same manner as in peace His chief or sovereign for those nations have all chiefs or sovereigns is at no sort of expense in preparing him for the field and when he is in it the chance of plunder is the only pay which he either expects or requires

An army of hunters can seldom exceed two or three hundred men The precarious subsistence which the chase affords could seldom allow a greater number to keep together for any considerable time An army of shepherds on the contrary, may some

Nothing can be more contemptible than an

Indian war in North America Nothing on the contrary can be more dreadful than a Tartar invasion has frequently been in Asia The judgment of Thucydides that both Europe and Asia could not resist the Scythians united has been verified by the experience of all ages The inhabitants of the extensive but defenceless plains of Scythia or Tartary have been frequently united under the dominion of the chief of some conquering [illegible]

herds have never been united but once under Mahomet and his immediate successors Their union which was more the effect of religious enthusiasm than of conques[illegible] the beco[illegible] would be much more dangerous to the European colonies than it is at present

In a yet more advanced state of society, among those nations of husbandmen who have little foreign commerce and no other manufactures but those coarse and household ones which almost every private family prepares for its own use every man in the same manner either is a warrior or easily becomes such They who live by agriculture generally pass the whole day in the open air, exposed to all the inclemencies of the seasons The hardiness of their ordinary life prepares [illegible]

The ordinary pastimes of such husbandmen are the same as those of shepherds and are in the same manner the images of war But as husbandmen have less leisure than shepherds they are not so frequently employed in those pastimes They are soldiers but soldiers not quite so much masters of their exercise Such as they are however it seldom costs the sovereign or commonwealth any expense to prepare them for the field

Agriculture even in its rudest and lowest state supposes a settlement some sort of fixed habitation which cannot be abandoned without great loss When a nation of mere husbandmen therefore goes to war the whole people cannot take the field together The old men the women and children at least must remain at home to take care of the habitation All the men of the military age however may take the field and in small nations of this kind have frequently done so In every nation the men of the military age are supposed to amount to about a fourth or a fifth part of the whole body of the people If the campaign too should begin after seed time and end before harvest both the husbandman and his principal labourers can be spared from the farm without much loss He trusts that the work which must be done in the meantime can be well enough executed by the old men the women and the children He is not unwilling therefore to serve without pay during a short campaign and it frequently costs the sovereign or commonwealth as little to maintain him in the field as to prepare him for it The citizens of all the different states of ancient Greece seem to have served in this manner till after the second Persian war and the people of Peloponnesus till after the Peloponnesian war The Peloponnesians Thucydides observes generally left the field in the s[illegible]m [illegible] the harvest [illegible]

[illegible] of ven that they who stayed at [illegible] to contribute something towards maintaining those who went to war In the European monarchies which were founded upon the ruins of the Roman empire both before and for some time after the establishment of what is properly called the feudal law the great lords with all their immediate dependents used to serve the crown at their own expense In the field in the same manner as at home they maintained themselves by their own revenue and not by any stipend or pay which they received from the king upon that particular occasion

In a more advanced state of society two different causes contribute to render it altogether impossible that they who take the field should maintain themselves at their own expense Those two causes are the progress of manufactures and the improvement in the art of war

Though a husbandman should be employed in an expedition provided it begins after seed time and ends before harvest the interruption of his business will not always occasion any considerable diminution of his revenue Without the intervention of his labour nature does herself the greater part of the work which remains to be done But the moment that an artificer a smith a carpenter or a weaver for example quits his workhouse the sole source of his revenue is completely dried up Nature does nothing for him he does all for himself When he takes the field therefore in defence of the [illegible] him [illegible] by [illegible] reat [illegible] ian [illegible]

ufacturers a great part of the people who go to war must be drawn from those classes, and must therefore be maintained by the public as long as they are employed in its service

When the art of war, too has gradually grown up to be a very intricate and complicated science, when the event of war ceases to be determined as in the first ages of society, by a single irregular skirmish or battle, but when the contest is generally spun out through several different campaigns, each of which lasts during the greater part of the year, it becomes universally necessary that the public should maintain those who serve the public in war at least while they are employed in that service Whatever in time of peace might be the ordinary occu-

armies of Athens seem to have been generally composed of mercenary troops consisting indeed partly of citizens but partly too of foreigners and all of them equally hired and paid at the expense of the state From the time of the siege of Veii the armies of Rome received pay for their service during the time which they remained in the field Under the feudal governments the military service both of the great lords and of their immediate dependants was after a certain period universally exchanged for a payment in money, which was employed to maintain those who served in their stead

The number of those who can go to war in proportion to the whole number of the

not soldiers the number of the former can never exceed what the latter can maintain over and above maintaining in a manner suitable to their respective stations both themselves and the other officers of government and law whom they are obliged to maintain In the little agrarian states of ancient Greece a fourth or a fifth part of the whole body of the people considered themselves as soldiers and would sometimes it is said take a field Among the civilised nations of modern Europe it is commonly computed that not more than one hundredth part of the inhabitants in any country can be employed as soldiers without ruin to the country which pays the expenses of their service

The expense of preparing the army for the field seems not to have become considerable in any nation till long after that of maintaining it in the field had devolved entirely upon the sovereign or commonwealth In all the different republics of ancient Greece to learn his military exercises was a necessary part of education imposed by the state upon every free citizen In every city there seems to have been a public field, in which under the protection of the public magistrate the young people were taught their different exercises by different masters In this very simple institution consisted the whole expense which any Grecian state seems ever to have been at in preparing its citizens for war In ancient Rome the exercises of the Campus Martius answered the same purpose with those of the Gymnasium in ancient

as several other military exercises were intended for promoting the same purpose, but do not seem to have promoted it so well Either from want of interest in the officers entrusted with the execution of those ordinances or from some other cause, they appear to have been universally neglected and in the progress of all those governments military exercises seem to have gone gradually into disuse among the great body of the people

In the republics of ancient Greece and Rome during the whole period of their existence and under the feudal governments for a considerable time after their first establishment, the trade of a soldier was not a separate distinct trade which constituted the sole or principal occupation of a particular class of citizens Every subject of the state whatever might be the ordinary trade or occupation by which he gained his livelihood considered himself upon all ordinary occasions as fit likewise to exercise the trade of a soldier and upon many extraordinary occasions as bound to exercise it

The art of war however as it is certainly the noblest of all arts so in the progress of improvement it necessarily becomes one of

it is capable of being carried at any particular time But in order to carry it to this degree of perfection, it is necessary that it should become the sole or principal occupation of a particular class of citizens and the division

der the trade of a soldier a particular trade separate and distinct from all others A private citizen who, in time of profound peace, and without any particular encouragement from the public, should spend the greater part of his time in military exercises might, no doubt, both improve himself very much in them and amuse himself very well but he certainly would not promote his own interest It is the wisdom of the state only which can render it for his interest to give up the greater part of his time to this peculiar occupation and states have not always had this wisdom, even when their circumstances had become such that the preservation of their existence required that they should have it

A shepherd has a great deal of leisure a husbandman in the rude state of husbandry, has some an artificer or manufacturer has none at all The first may without any loss employ a great deal of his time in martial exercises the second may employ some part of it but the last cannot employ a single hour in them without some loss and his attention to his own interest naturally leads him to neglect them altogether These improvements in husbandry too which the progress of arts and manufactures necessarily introduces leave the husbandman as little leisure as the artificer Military exercises come to be as much neglected by the inhabitants of the country as by those of the town and the great body of the people becomes altogether unwarlike That wealth at the same time which always follows the improvements of agriculture and manufactures and which in reality is no more than the accumulated produce of those improvements, provokes the invasion of all their neighbours An industrious and upon that account a wealthy nation is of all nations the most likely to be attacked and unless the state takes some new measures for the public defence the natural habits of the people render them altogether incapable of defending themselves

In these circumstances there seem to be but two methods by which the state can make any tolerable provision for the public defence

It may either first by means of a very rigorous police and in spite of the whole bent of the interest genius and inclinations of the people enforce the practice of military exercises and oblige either all the citizens of the military age or a certain number of them, to join in some measure the trade of a soldier to whatever other trade or profession they may happen to carry on

Or secondly by maintaining and employing a certain number of citizens in the constant practice of military exercises it may render the trade of a soldier a particular trade separate and distinct from all others.

If the state has recourse to the first of those two expedients, its military force is said to consist in a militia if to the second it is said to consist in a standing army The practice of military exercises is the sole or principal occupation of the soldiers of a standing army, and the maintenance or pay which the state affords them is the principal and ordinary fund of their subsistence The practice of military exercises is only the occasional occupation of the soldiers of a militia and they derive the principal and ordinary fund of their subsistence from some other occupation In a militia, the character of the labourer, artificer, or tradesman, predominates over that of the soldier in a standing army that of the soldier predominates over every other character and in this distinction seems to consist the essential difference between those two different species of military force

Militias have been of several different kinds In some countries the citizens destined for defending the states seem to have been exercised only, without being if I may say so regimented, that is without being divided into separate and distinct bodies of troops each of which performed its exercises under its own proper and permanent officers In the republics of ancient Greece and Rome each citizen as long as he remained at home seems to have practised his exercises either separately and independently, or with such of his equals as he liked best and not to have been attached to any particular body of troops till he was actually called upon to take the field In other countries the militia has not only been exercised but regimented In England in Switzerland and I believe, in every other country of modern Europe where any imperfect military force of this kind has been established every militiaman is even in time of peace attached to a particular body of troops which performs its exercises under its own proper and permanent officers

Before the invention of firearms, that army was superior in which the soldiers had each individually the greatest skill and dexterity in the use of their arms Strength and agility of body were of the highest consequence and commonly determined the state of battles But this skill and dexterity in the use of their arms could be acquired only in the same manner as fencing is at present by practising not in great bodies but each man separately in a particular school under a particular master or with his own particular equals and companions Since the invention of firearms, strength and agility of body, or even extraordinary dexterity and skill in the use of arms though they are far from being of no consequence are however of less consequence The

nature of the weapon, though it by no means puts the awkward upon a level with the skilful puts him more nearly so than he ever was before All the dexterity and skill it is supposed which are necessary for using it, can be well enough acquired by practising in great bodies

Regularity order and prompt obedience to command are qualities which in modern armies are of more importance towards determining the fate of battles than the dexterity and skill of the soldiers in the use of their arms But the noise of firearms the smoke and the invisible death to which every man feels himself every moment exposed as soon as he comes within cannon-shot and frequently a long time before the battle can be well said to be engaged must render it very difficult to maintain any considerable degree of this regularity, order and prompt obedience even in the beginning of a modern battle In an ancient battle there was no noise but what arose from the human voice there was no smoke there was no invisible cause of wounds or death Every man till some mortal weapon actually did approach him saw clearly that no such weapon was near him In these circumstances and among troops who had some confidence in their own skill and dexterity in the use of their arms it must have been a good deal less difficult to preserve some degree of regularity and order not only in the beginning but through the whole progress of an ancient battle and till one of the two armies was fairly defeated But the habits of regularity order and prompt obedience

always be much inferior to a well disciplined and well-exercised standing army

The soldiers who are exercised only once a week or once a month can never be so expert in the use of their arms as those who are exercised every day or every other day and though this circumstance may not be of so much consequence in modern as it was in ancient times yet the acknowledged superiority of the Prussian troops owing it is said very much to their superior expertness in their exercise may satisfy us that it is even at this day of very considerable consequence

The soldiers who are bound to obey their

who every day even rise and go to bed or at least retire to their quarters according to his

the manual exercise or in the management and use of its arms But in modern war the habit of ready and instant obedience is of much greater consequence than a considerable superiority in the management of arms

Those militias which like the Tartar or Arab militia, go to war under the same chieftains whom they are accustomed to obey in peace are by far the best In respect for their

own chieftains had some advantage of the same kind As the highlanders however were not wandering but stationary shepherds as they had all a fixed habitation and were not in peaceable times accustomed to follow their chieftain from place to place so in time of war they were less willing to follow him to

were always much inferior to what is reported of the Tartars and Arabs As the highlanders too from their stationary life spend less of their time in the open air they were always less accustomed to military exercises and were less expert in the use of their arms than the Tartars and Arabs are said to be

A militia of any kind it must be observed however which has served for several successive campaigns in the field becomes in every respect a standing army The soldiers are every day exercised in the use of their arms and being constantly under the command of their officers are habituated to the same prompt obedience which takes place in standing armies What they were before they took the field is of little importance They necessarily become in every respect a standing army after they have passed a few cam

and Spain

One of

we have any distinct account in any well

exact discipline of a standing army When he was at peace which he was very seldom and never for any long time together he was careful not to disband that army It vanquished and subdued after a long and violent struggle indeed the gallant and well exercised militias of the principal republics [illegible]

sort of militia It is the first great revolution in the affairs of mankind of which history has preserved any distinct or circumstantial account

The fall of Carthage and the consequent elevation of Rome is the second All the varieties in the fortune of those two famous republics may very well be accounted for from the same cause

From the end of the first to the beginning [illegible]

succeeded one another in the command Hamilcar his son in law Hasdrubal and his son Hannibal first in chastising their own rebellious slaves afterwards in subduing the revolted nations of Africa and lastly, in conquering the great kingdom of Spain The army which Hannibal led from Spain into [illegible]

this period been engaged in any war of very great consequence and their military discipline it is generally said was a good deal relaxed The Roman armies which Hannibal encountered at Trebia Thrasymenus and Cannæ were militia opposed to a standing army This circumstance it is probable contributed more than any other to determine the fate of those battles

The standing army which Hannibal left behind him in Spain had the like superiority over the militia which the Romans sent to oppose it and in a few years under the command of his brother the younger Hasdrubal expelled them almost entirely from that country

Hannibal was ill supplied from home The

sary to lead the whole or almost the whole of the standing army which he commanded in Spain, to the assistance of his brother in Italy In this march he is said to have been misled by his guides, and in a country which he did not know was surprised and attacked by another standing army, in every respect equal or superior to his own and was entirely defeated

When Hasdrubal had left Spain the great Scipio found nothing to oppose him but a militia inferior to his own He conquered and subdued that militia and in the course of

two rival republics

From the end of the second Carthaginian war till the fall of the Roman republic the armies of Rome were in every respect standing armies The standing army of Macedon made some resistance to their arms In the height of their grandeur it cost them two great wars and three great battles to subdue that little kingdom of which the conquest would probably have been still more difficult had it not been for the cowardice of its last king The militias of all the civilised nations [illegible] of Syria and

better The Scythian or Tartar militia Mithridates drew from the countries north of the Euxine and Caspian seas were the most formidable enemies whom the Romans had to encounter after the second Carthaginian war The Parthian and German militias too were always respectable and upon several occasions gained very considerable advantages over the Roman armies In general however and when the Roman armies were well commanded they appear to have been very much superior and if the Romans did [illegible] Parthia [illegible] they [illegible] to all [illegible] empire [illegible] ancient

Parthians appear to have been a nation of Scyth an or Tartar extraction and to have always retained a good deal of the manners of their ancestors The ancient Germans were like the Scythians or Tartars a nation of wandering shepherds who went to war under the same chiefs whom they were accustomed to follow in peace Their militia was exactly of the same kind with that of the Scythians or Tartars from whom too they were probably descended

Many different causes contributed to relax the discipline of the Roman armies Its extreme severity was perhaps one of those causes In the days of their grandeur when no enemy appeared capable of opposing them their heavy armour was laid aside as unnecessarily burdensome their labourious exercises were neglected as unnecessarily toilsome Under the Roman emperors besides the standing armies of Rome those particularly which guarded the German and Pannonian frontiers became dangerous to their masters against whom they used frequently to set up their own generals In order to render them less formidable according to some authors Dioclesian according to others Constantine first withdrew them from the frontier where they had always before been encamped in great bodies generally of two or three legions each and dispersed them in small bodies through the different provincial towns from whence they were scarce ever removed but when it became necessary to repel an invasion Small bodies of soldiers quartered in trad

invade l the western empire It was only by

great revolution in the affairs of mankind of which ancient history has preserved any distinct or circumstantial account It was brought about by the irresistible superiority which the militia of a barbarous has over that of a civilised nation which the militia of a

gained over that of the Persian empire and such too were those which in later times the Swiss militia gained over that of the Austrians and Burgundians

The military force of the German and Scythian nations who established themselves upon the ruins of the western empire continued for some time to be of the same kind in their new settlements as it had been in their original country It was a militia of shepherds and husbandmen which in time of war took the field under the command of the same chieftains whom it was accustomed to obey in peace It was therefore tolerably well exercised and tolerably well disciplined As arts and industry advanced however the authority of the chieftains gradually decayed and the great body of the people had less

necessary that all its neighbours should follow their example They soon found that their safety depended upon their doing so and that their own militia was altogether incapable of resisting the attack of such an army

The soldiers of a standing army though

The Russian empire however had enjoyed a profound peace for near twenty years before and could at that time have very few soldiers who had ever seen an enemy When the Spanish war broke out in 1739 England had enjoyed a profound peace for about eight and twenty years The valour of her soldiers, however far from being corrupted by that long peace was never more distinguished than in the attempt upon Carthagena, the first unfortunate exploit of that unfortunate war In a long peace the generals perhaps may sometimes forget their skill but where a well regulated standing army has been kept up the soldiers seem never to forget their valour

When a civilised nation depends for its defence upon a militia it is at all times exposed to be conquered by any barbarous nation which happens to be in its neighbourhood.

The frequent conquests of all the civilised countries in Asia by the Tartars sufficiently demonstrates the natural superiority which the militia of a barbarous has over that of a civilised nation A well regulated standing army is superior to every militia Such an army, as it can best be maintained by an opulent and civilised nation, so it can alone de

ated or even preserved for any considerable time

As it is only by means of a well regulated standing army that a civilised country can be defended so it is only by means of it that a barbarous country can be suddenly and tolerably civilised A standing army establishes, with an irresistible force the law of the sovereign through the remotest provinces of the empire, and maintains some degree of regular government in countries which could not otherwise admit of any Whoever examines with attention, the improvements which Peter the Great introduced into the Russian empire will find that they almost all resolve themselves into the establishment of a well regulated standing army It is the instrument which executes and maintains all his other regulations That degree of order and internal peace which that empire has ever since enjoyed is altogether owing to the influence of that army

Men of republican principles have been jealous of a standing army as dangerous to liberty It certainly is so wherever the interest of the general and that of the principal officers are not necessarily connected with the support of the constitution of the state The

But where the sovereign is himself the general and the principal nobility and gentry of the country the chief officers of the army where the military force is placed under the

hours a great revolution, the whole author

monstrances can give little disturbance He can safely pardon or neglect them and his

tolerated only in countries where the sovereign is secured by a well regulated standing army It is in such countries only that the public safety does not require that the sovereign should be trusted with any discretionary power for suppressing even the impertinent wantonness of this licentious liberty

The first duty of the sovereign therefore that of defending the society from the violence and injustice of other independent societies grows gradually more and more expensive as the society advances in civilisation The military force of the society, which originally cost the sovereign no expense either in time of peace or in time of war, must in the progress of improvement first be maintained by him in time of war, and afterwards even in time of peace

mortar than a balista or a catapulta The powder which is spent in a modern review is lost irrecoverably and occasions a very considerable expense The javelins and arrows which were thrown or shot in an ancient one could easily be picked up again and were besides of very little value The cannon and the mortar are not only much dearer but much heavier machines than the balista or cata

expense not only

carry

odern

very

great it has become much more difficult and consequently much more expensive to fortify a town so as to resist even for a few weeks the attack of that superior artillery In modern times many different causes contribute to render the defence of the society more expensive The unavoidable effects of the natural progress of improvement have in this respect been a good deal enhanced by a great revolution in the art of war, to which a mere acci

dent, the invention of gunpowder seems to have given occasion

In modern war the great expense of fire *arms gives an evident advantage to the na* tion which can best afford that expense and consequently to an opulent and civilised over a poor and barbarous nation In ancient times the opulent and civilised found it difficult to defend themselves against the poor and barbarous nations In modern times the poor and barbarous find it difficult to defend themselves against the opulent and civilised The invention of firearms an invention which at first sight appears to be so pernicious is certainly favourable both to the permanency and to the extension of civilisation

Part 2

Of the Expense of Justice

The second duty of the sovereign that of

there is seldom any established magistrate or any regular administration of justice Men *who have no property can injure one another*

is otherwise with the injuries to property

under the influence of those passions and the very worst of men are so only occasionally *As their gratification too how agreeable so*ever it may be to certain characters is not attended with any real or permanent advantage it is in the greater part of men commonly restrained by prudential considerations Men may live together in society with some tolerable degree of security though there is no civil magistrate to protect them from the injustice of those passions But avarice and ambition in the rich in the poor the hatred of labour and the love of present ease and enjoyment are the passions which prompt to invade property passions much more steady in their operation and much more universal in their influence Wherever there is great property there is great inequality For one very rich man there must be at least five hundred poor and the affluence of the few supposes the indigence of the many The affluence of the rich excites the indignation of the poor who are often both driven by want and prompted by envy to invade *his possessions* It is only under the *shelter* of the civil magistrate that the owner of that valuable property which is acquired by the labour of many years or perhaps of many successive generations can sleep a single night in security He is at all times surrounded by unknown enemies whom though he never provoked he can never appease and from *whose injustice he can be protected only by*

ernment is not so necessary

that valuable property

The causes or circumstances which naturally introduce subordination or which naturally and antecedent to any civil institution give some men some superiority over the greater part of their brethren seem to be four *in number*

The first of those causes or circumstances is the superiority of personal qualifications of strength beauty and agility of body of wisdom and virtue of prudence justice fortitude and moderation of mind The qualifications of the body unless supported by those of the mind can give little authority in any period of society He is a very strong man who by mere strength of body can force two weak ones to obey him The qualifications of the mind can alone give a very great authority They are however invisible qualities always disputable and generally disputed No society whether barbarous or civilised has ever found it convenient to

stances is the superiority of age An old man *provided his age is not so far advanced as to* give suspicion of dotage is everywhere more respected than a young man of equal

fortune, and abilities Among nations of hunters, such as the native tribes of North America age is the sole foundation of rank and precedency Among them, father is the appellation of a superior, brother, of an equal, and son of an inferior In the most opulent and civilised nations age regulates rank among those who are in every other respect equal and among whom, therefore there is nothing else to regulate it Among brothers and among sisters the eldest always takes place and in the succession of the paternal estate everything which cannot be divided, but must go entire to one person such as a title of honour is in most cases given to the eldest Age is a plain and palpable quality which admits of no dispute

The third of those causes or circumstances is the superiority of fortune The authority of riches however, though great in every age of society, is perhaps greatest in the rudest age of society which admits of any considerable inequality of fortune A Tartar chief, the increase of whose herds and stocks is sufficient to maintain a thousand men cannot well employ that increase in any other way than in maintaining a thousand men The rude state of his society does not afford him any manufactured produce any trinkets or baubles of any kind for which he can exchange that part of his rude produce which is over and above his own consumption The thousand men whom he thus maintains depending entirely upon him for their subsistence must both obey his orders in war and submit to his jurisdiction in peace He is necessarily both their general and their judge, and his chieftainship is the necessary effect of the superiority of his fortune In an opulent and civilised society a man may possess a much greater fortune and yet not be able to command a dozen people Though the produce of his estate may be sufficient to maintain and may perhaps actually maintain more than a thousand people yet as those people pay for everything which they get from him as he gives scarce anything to anybody but in exchange for an equivalent there is scarce anybody who considers himself as entirely dependent upon him and his authority extends only over a few menial servants The authority of fortune however is very great even in an opulent and civilised society That it is much greater than that either of age or of personal qualities has been the constant complaint of every period of society which admitted of any considerable inequality of fortune The first period of so- [illegible]

but the sole foundations of authority and subordination There is therefore little or no authority or subordination in this period of society The second period of society that of shepherds admits of very great inequalities of fortune and there is no period in which the superiority of fortune gives so great authority to those who possess it There is no period accordingly in which authority and subordination are more perfectly established The authority of an Arabian sherif is very great that of a Tartar khan altogether despotical

The fourth of those causes or circumstances is the superiority of birth Superiority of birth supposes an ancient superiority of fortune in the family of the person who claims it All families are equally ancient and the ancestors of the prince though they may be [illegible]

companied with it Upstart greatness is everywhere less respected than ancient greatness The hatred of usurpers the love of the family of an ancient monarch are in a great measure, founded upon the contempt which men naturally have for the former and upon their veneration for the latter As a military officer submits without reluctance to the authority of a superior by whom he has always been commanded, but cannot bear that his inferior should be set over his head so men easily submit to a family to whom they and their ancestors have always submitted but are fired with indignation when another family in whom they had never acknowledged any such superiority, assumes a dominion over them

The distinction of birth being subsequent to the inequality of fortune can have no place in nations of hunters among whom all men being equal in fortune must likewise be very nearly equal in birth The son of a wise and brave man may indeed even among them be somewhat more respected than a man of equal merit who has the misfortune to be the son of a fool or a coward The difference however will not be very great and there never was I believe a great family in the world whose illustration was entirely derived from the inheritance of wisdom and virtue

The distinction of birth not only may but always does take place among nations of shepherds Such nations are always strangers to every sort of luxury and great wealth can scarce ever be dissipated among them by improvident profusion There are no nations accordingly who abound more in families

revered and honoured on account of their descent from a long race of great and illustrious ancestors, because there are no nations among whom wealth is likely to continue longer in the same families

Birth and fortune are evidently the two circumstances which principally set one man above another They are the two great sources of personal distinction, and are therefore the principal causes which naturally establish authority and subordination among men Among nations of shepherds both those causes operate with their full force The great *shepherd or herdsman, respected on account* of his great wealth, and of the great number of those who depend upon him for subsist-

[illegible]

the united force of a greater number of people than any of them His military power is greater than that of any of them In time of war they are all of them naturally disposed

[illegible]

number of people than any of them, he is best able to compel any one of them who may have injured another to compensate the wrong He is the person, therefore, to whom all those who are too weak to defend themselves naturally look up for protection It is to him that they naturally complain of the injuries which they imagine have been done [illegible] cases

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It is in the age of shepherds in the second period of society, that the inequality of fortune first begins to take place and introduces among men a degree of authority and subordination which could not possibly exist before It thereby introduces some degree of *that civil government which is indispensably* necessary for its own preservation and it seems to do this naturally, and even inde-[illegible] of that necessity

perior wealth in the possession of their property, in order that men of superior wealth may combine to defend them in the possession of theirs All the inferior shepherds and herdsmen feel that the security of their own herds and flocks depends upon the security of those of the great shepherd or herdsman that the maintenance of their lesser authority depends

[illegible]

however, far from being a cause of expense, was for a long time a source of revenue to him The persons who applied to him for justice were always willing to pay for it and a present never failed to accompany a petition

[illegible]

he was obliged to make to the party, was likewise forced to pay an amercement to the sovereign He had given trouble he had dis-

[illegible]

Originally both the sovereign and the inferior chiefs used to exercise this jurisdiction in their own persons Afterwards they universally found it convenient to delegate it to some

[illegible]

sent round the country for the purpose of *levying certain branches of the king's revenue* In those days the administration of justice

¹They are to be found in Tyrrell's *History of England*

not only afforded a certain revenue to the sovereign, but to procure this revenue seems to have been one of the principal advantages which he proposed to obtain by the administration of justice

This scheme of making the administration of justice subservient to the purposes of revenue could scarce fail to be productive of several very gross abuses The person who applied for justice with a large present in his hand was likely to get something more than justice while he who applied for it with a small one was likely to get something less Justice too, might frequently be delayed in order that this present might be repeated The amercement, besides, of the person complained of, might frequently suggest a very strong reason for finding him in the wrong, even when he had not really been so That such abuses were far from being uncommon the ancient history of every country in Europe bears witness.

When the sovereign or chief exercised his judicial authority in his own person, how much soever he might abuse it, it must have been scarce possible to get any redress, because there could seldom be anybody powerful enough to call him to account When he exercised it by a bailiff, indeed redress might sometimes be had If it was for his own benefit only that the bailiff had been guilty of any act of injustice the sovereign himself might not always be unwilling to punish him or to oblige him to repair the wrong But if it was for the benefit of his sovereign if it was in order to make court to the person who appointed him and who might prefer him that he had committed any act of oppression, redress would upon most occasions be as im[illegible]ble as if the sovereign had committed it [illegible] [illegible]ments accord[illegible] [illegible]ts of Eu[illegible] [illegible]led upon the ruins of the Roman [illegible] e administration of justice appears for a long time to have been extremely corrupt far from being quite equal and impartial even under the best monarchs and altogether profligate under the worst

Among nations of shepherds where the sovereign or chief is only the greatest shepherd or herdsman of the horde or clan he is maintained in the same manner as any of his vassals or subjects by the increase of his own herds or flocks Among those nations of husbandmen who are but just come out of the shepherd state and who are not much advanced beyond that state such as the Greek tribes appear to have been about the time of the Trojan war and our German and Scythian ancestors when they first settled upon the ruins of the western empire the sovereign or chief is, in the same manner, only the greatest landlord of the country, and is maintained, in the same manner as any other landlord, by a revenue derived from his own private estate, or from what, in modern Europe, was called the demesne of the crown. His subjects, upon ordinary occasions, contributed nothing to his support, except when in order to protect them from the oppression of some of their fellow subjects, they stand in need of his authority The presents which they make him upon such occasions constitute the whole ordinary revenue, the whole of the emoluments which, except perhaps upon some very extraordinary emergencies, he derives from his dominion over them. When Agamemnon, in Homer, offers to Achilles for his friendship the sovereignty of seven Greek cities, the sole advantage which he mentions as likely to be derived from it was that the people would honour him with presents As long as such presents, as long as the emoluments of justice or what may be called the fees of court, constituted in this manner the whole ordinary revenue which the sovereign derived from his sovereignty, it could not well be expected, it could not even decently be proposed, that he should give them up altogether It might and it frequently was proposed, that he should regulate and ascertain them But after they had been so regulated and ascertained how to hinder a person who was all powerful from extending them beyond those regulations was still very difficult, not to say impossible During the continuance of this state of things, therefore, the corruption of justice naturally resulting from the arbitrary and uncertain nature of those presents, scarce admitted of any effectual remedy

But when from different causes, chiefly from the continually increasing expenses of defending the nation against the invasion of other nations, the private estate of the sovereign had become altogether insufficient for defraying the expense of the sovereignty, and when it had become necessary that the people should for their own security, contribute towards this expense by taxes of different kinds, it seems to have been very commonly stipulated that no present for the administration of justice should under any pretence be accepted either by the sovereign or by his bailiffs and substitutes, the judges Those presents, it seems to have been supposed could more easily be abolished altogether than effectually regulated and ascertained Fixed salaries were appointed to the judges which were supposed to compensate to them the loss of whatever might have been their share of the ancient emoluments of justice as the taxes more than compensated to the

sovereign the loss of his Justice was then said to be administered gratis

Justice, however, never was in reality ad-

lawyers and attorneys amount, in every court, to a much greater sum than the salaries of the judges The circumstance of those salaries being paid by the crown can nowhere much diminish the necessary expense of a law suit. But it was not so much to diminish the expense, as to prevent the corruption of justice, that the judges were prohibited from receiving any present or fee from the parties.

with the whole expense of [illegible] tion and execution of justice, even where it is not managed with very good economy, makes, in any civilised country, but a very inconsiderable part of the whole expense of government

The whole expense of justice, too, might easily be defrayed by the fees of court, and, without exposing the administration of justice to any real hazard of corruption, the public revenue might thus be entirely discharged from a certain, though perhaps, but a small incumbrance It is difficult to regulate the fees of court effectually where a person so powerful as the sovereign is to share in them, and to derive any considerable part of his revenue from them It is very easy where the judge is the principal person who can reap any benefit from them The law can very easily oblige the judge to respect the regulation, though it might not always be able to make the sovereign respect it Where the fees of court are precisely regulated and ascertained, where they are paid all at once, at a certain period of every process, into the hands of a cashier or receiver, to be by him distributed in certain known proportions among the different judges after the process is decided and not till it is decided there seems to be no more danger of corruption than where such fees are prohibited altogether Those fees, without occasioning any considerable increase in the expense of a lawsuit, might be rendered fully sufficient for defraying the whole expense of justice By not being paid to the

was determined, they might be some incitement to the diligence of the court in ex-

those fees might give some encouragement to the diligence of each particular judge Public services are never better performed than when their reward comes only in consequence of their being performed, and is proportioned to the diligence employed in performing them In the different parliaments of France, the fees of court (called *epices*

amounts only to a hundred and fifty livres,

epices, too, is according to the diligence of

[illegible] Parliaments are perhaps, in many respects, not very convenient courts of justice, but they have never been accused, they seem never even to have been suspected, of corruption

The fees of court seem originally to have been the principal support of the different courts of justice in England Each court endeavoured to draw to itself as much business

stituted for the trial of criminal causes only, took cognisance of civil suits the plaintiff pretending that the defendant in not doing him justice, had been guilty of some trespass or misdemeanour The Court of Exchequer, instituted for the levying of the king's rev-

because the defendant would not pay him In consequence of such fictions it came, in many cases to depend altogether upon the parties before what court they would choose to have their cause tried and each court endeavoured by superior dispatch and impartiality, to draw to itself as many causes as

of the courts of justice in England was, perhaps, originally in a great measure formed by this emulation which anciently took place between their respective judges each judge endeavouring to give, in his own court, the speediest and most effectual remedy which the law would admit for every sort of injustice Originally the courts of law gave damages only for breach of contract The Court of Chancery, as a court of conscience, first took upon it to enforce the specific performance of agreements When the breach of contract consisted in the non payment of money, the damage sustained could be compensated in no other way than by ordering payment, which was equivalent to a specific performance of the agreement In such cases, therefore, the remedy of the courts of law was sufficient It was not so in others When the tenant sued his lord for having unjustly outed him of his lease, the damages which he recovered were by no means equivalent to

Writ of Ejectment, the most effectual remedy for an unjust outer or dispossession of land

A stamp duty upon the law proceedings of each particular court, to be levied by that court, and applied towards the maintenance of the judges and other officers belonging to it, might in the same manner, afford a revenue sufficient for defraying the expense of the administration of justice, without bringing any burden upon the general revenue of the society The judges indeed might, in this case, be under the temptation of multiplying unnecessarily the proceedings upon every cause, in order to increase, as much as possible, the produce of such a stamp duty It has been the custom in modern Europe to

each line so many words In order to increase their payment, the attorneys and clerks have contrived to multiply words beyond all necessity, to the corruption of the law language of, I believe, every court of justice in Europe A like temptation might perhaps occasion a like corruption in the form of law proceedings

But whether the administration of justice be so contrived as to defray its own expense or whether the judges be maintained by fixed salaries paid to them from some other fund, it does not seem necessary that the person or persons entrusted with the executive power should be charged with the management of that fund, or with the payment of those sal

might arise even from the interest of a sum

fund seems however, to render it an improper one for the maintenance of an institution which ought to last for ever

The separation of the judicial from the executive power seems originally to have arisen from the increasing business of the society in consequence of its increasing improvement. The administration of justice became so laborious and so complicated a duty as to require the undivided attention of the persons to whom it was entrusted The person entrusted with the executive power not having leisure to attend to the decision of private causes himself, a deputy was appointed to decide them in his stead In the progress of the Roman greatness, the consul was too much occupied with the political affairs of the state to attend to the administration of justice A prætor, therefore, was appointed to administer it in his stead In the progress of the European monarchies which were founded upon the ruins of the Roman em

too ignoble for them to execute in their own persons They universally, therefore discharged themselves of it by appointing a

garly called politics The persons entrusted with the great interests of the state may even without any corrupt views sometimes imagine it necessary to sacrifice to those interests the rights of a private man But upon the impartial administration of justice depends the liberty of every individual the sense which he has of his own security In order to make every individual feel himself perfectly secure in the possession of every right which belongs to him it is not only necessary that the judicial should be separated from the executive power but that it

ing to the caprice of that power The regular payment of his salary should not depend upon the good will or even upon the good economy of that power

Part 3

Of the Expense of Public Works and Public Institutions

The third and last duty of the sovereign or commonwealth is that of erecting and maintaining those public institutions and those public works which though they may be in the highest degree advantageous to a great society, are, however, of such a nature that the profit could never repay the expense to

formance of this duty requires, too, very different degrees of expense in the different periods of society

After the public institutions and public

those for facilitating the commerce of the society, and those for promoting the instruction of the people The institutions for instruction are of two kinds those for the education of youth and those for the instruction of people of all ages The consideration of the manner in which the expense of those different sorts of public works and institutions may be most properly defrayed will divide this third part of the present chapter into three different articles

Article I

Of the Public Works and Institutions for facilitating the Commerce of the Society

And first of those which are necessary for facilitating Commerce in general

That the erection and maintenance of the public works which facilitate the commerce of any country, such as good roads, bridges, navigable canals harbours, etc, must re

of the land and labour of that country, or with the quantity and weight of the goods which it becomes necessary to fetch and carry upon those roads The strength of a bridge must be suited to the number and

in it

It does not seem necessary that the expense of those public works should be defrayed from that public revenue as it is commonly called of which the collection and application is in most countries assigned to the executive power The greater part of such public works may easily be so managed as to afford a particular revenue sufficient for defraying their own expense without bringing any burden upon the general revenue of the society

A highway a bridge a navigable canal, for example may in most

and maintained by a small toll upon the carriages which make use of them a harbour, by a moderate port duty upon the tonnage of the shipping which load or unload in it The coinage, another institution for facilitating commerce, in many countries, not only defrays its own expense, but affords a small revenue or seignorage to the sovereign The post office, another institution for the same

pay for the maintenance of those public works exactly in proportion to the wear and tear which they occasion of them It seems scarce possible to invent a more equitable way of maintaining such works This tax or toll too though it is advanced by the carrier, is finally paid by the consumer to whom it must always be charged in the price of the goods As the expense of carriage however, is very much reduced by means of such public works the goods, notwithstanding the toll, come cheaper to the consumer than they could otherwise have done their price not being so much raised by the toll as it is lowered by the cheapness of the carriage The person who finally pays this tax, therefore gains by the application more than he loses by the payment of it. His payment is

reality no more than a part of that gain which he is obliged to give up in order to get the rest It seems impossible to imagine a more equitable method of raising a tax

When the toll upon carriages of luxury, upon coaches post-chaises etc is made some what higher in proportion to their weight than upon carriages of necessary use such as carts waggons etc the indolence and vanity of the rich is made to contribute in a very easy manner to the relief of the poor by rendering cheaper the transportation of heavy goods to all the different parts of the country

When high roads, bridges, canals, etc, are in this manner made and supported by the commerce which is carried on by means of them they can be made only where that commerce requires them and consequently where it is proper to make them Their ex penses too their grandeur and magnificence must be suited to what that commerce can afford to pay They must be made conse quently as it is proper to make them A mag nificent high road cannot be made through a desert country where there is little or no commerce or merely because it happens to lead to the country villa of the intendant of the province or to that of some great lord to whom the intendant finds it convenient to make his court A great bridge cannot be thrown over a river at a place where nobody passes or merely to embellish the view from the windows of a neighbouring palace things which sometimes happen in countries where works of this kind are carried on by any other revenue than that which they themselves are capable of affording

In several different parts of Europe the toll or lock duty upon a canal is the property of private persons whose private interest obliges them to keep up the canal If it is not kept in tolerable order the navigation necessarily ceases altogether and along with it the whole profit which they can make by the tolls If those tolls were put under the management of commissioners who had themselves no in terest in them they might be less attentive to the maintenance of the works which pro duced them The canal of Languedoc cost the King of France and the province upwards of thirteen millions of livres which (at twenty eight livres the mark of silver the value of French money in the end of the last century) amounted to upwards of nine hundred thou sand pounds sterling When that great work was finished the most likely method it was found of keeping it in constant repair was to make a present of the tolls to Riquet the engi neer who planned and conducted the work Those tolls constitute at present a very large estate to the different branches of the family of that gentleman who have therefore a great interest to keep the work in constant repair But had those tolls been put under the management of commissioners who had no such interest they might perhaps have been dissipated in ornamental and unneces sary expenses while the most essential parts of the work were allowed to go to ruin

The tolls for the maintenance of a high road cannot with any safety be made the property of private persons A high road though en tirely neglected, does not become altogether impassable though a canal does The pro prietors of the tolls upon a high road there fore, might neglect altogether the repair of the road and yet continue to levy very nearly the same tolls It is proper therefore that the tolls for the maintenance of such a work should be put under the management of com missioners or trustees

In Great Britain the abuses which the trustees have committed in the management of those tolls have in many cases been very justly complained of At many turnpikes it has been said the money levied is more than double of what is necessary for executing in the completest manner, the work which is often executed in very slovenly manner and sometimes not executed at all The system of repairing the high roads by tolls of this kind it must be observed is not of very long standing We should not wonder therefore if it has not yet been brought to that degree of perfection of which it seems capable If mean and improper persons are frequently appointed trustees and if proper courts of inspection and account have not yet been established for controlling their conduct and for reducing the tolls to what is barely suffi cient for executing the work to be done by them the recency of the institution both accounts and apologizes for those defects, of which by the wisdom of Parliament the greater part may in due time be gradually remedied

The money levied at the different turn pikes in Great Britain is supposed to exceed so much what is necessary for repairing the roads that the savings which with proper economy might be made from it have been considered even by some ministers as a very great resource which might at some time or another be applied to the exigencies of the state Government it has been said by taking the management of the turnpikes into its own hands and by employing the soldiers who would work for a very small addition to their pay could keep the roads in good order at a much less expense than it can be done by trustees who have no other workmen to em ploy but such as derive their whole subsist ence from their wages. A great revenue, half a

though probably not near so much as the projectors of this plan have supposed The plan itself, however, seems liable to several very important objections

First, if the tolls which are levied at the turnpikes should ever be considered as one of the resources for supplying the exigencies of the state, they would certainly be aug-

augmented very fast The facility with which a great revenue could be drawn from them would probably encourage administration to *recur very frequently to this resource* Though it may, perhaps, be more than doubtful

haps two millions if they were tripled[2] This great revenue, too, might be levied without the appointment of a single new officer to collect and receive it But the turnpike tolls

one part of the country to another would soon be so much increased, the market for all

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gether.

Secondly, a tax upon carriages in propor-

sions of the roads But when it is applied to

raises the price of goods in proportion to their weight, and not to their value, it is

part of the turnpike tolls A large revenue might thus be levied upon the people without any part of it being applied to the only *purpose to which a revenue levied in this* manner ought ever to be applied If the

supposed

In France, the funds destined for the reparation of high roads are under the immediate direction of the executive power Those funds consist partly in a certain number of days' labour which the country people are in most

expenses

By the ancient law of France, as well as by that of most other parts of Europe, the labour of the country people was under the direction of a local or provincial magistracy, which had no immediate dependency upon the king's council But by the present practice both the labour of the country people, and whatever other fund the king may choose to assign for the reparation of the high roads in any particular province or generality, are

state, and assumes to itself the management of every branch of revenue which is destined for any public purpose In France, I

the great post roads the roads wl

the communication between tl

[1]*Since publishing the two first editions of* this book, I have got good reasons to believe that all the turnpike tolls levied in Great Britain do not produce a net revenue that amounts to half a million a sum which under the management of Government would not be sufficient to keep in repair five of the principal roads in the kingdom

[2]I have now good reasons to believe that all these conjectural sums are by much too large

towns of the kingdom, are in general kept in good order, and in some provinces are even a good deal superior to the greater part of the turnpike roads of England But what we call the cross-roads, that is, the far greater part of the roads in the country, are entirely neglected, and are in many places absolutely impassable for any heavy carriage In some places it is even dangerous to travel on horseback, and mules are the only conveyances which can safely be trusted The proud minister of an ostentatious court may frequently take pleasure in executing a work of splen-

always entirely neglected

In China, and in several other governments of Asia, the executive power charges itself both with the reparation of the high roads and with the maintenance of the navigable canals In the instructions which are given to the governor of each province, those objects, it is said, are constantly recommended to him, and the judgment which the court forms of his conduct is very much regulated by the attention which he appears to have paid to this part of his instructions This branch of public police accordingly is said to be very much attended to in all those countries, but particularly in China, where the high roads, and still more the navigable canals, it is pretended, exceed very much every thing of the same kind which is known in Europe The accounts of those works however, which have been transmitted to Europe, have generally been drawn up by weak and wondering travellers frequently by stupid and lying missionaries If they had been examined by more intelligent eyes and if the accounts of them had been reported by more faithful witnesses, they would not, perhaps appear to be so wonderful The account which Bernier gives of some works of this kind in Indostan falls very much short of what had been reported of them by other travellers, more disposed to the marvellous than he was It may too, perhaps, be in those countries as in France, where the great roads, the great communications which are likely to be the subjects of conversation at the court and in

falls with the rise and fall of the annual produce of the land The great interest of the sovereign, therefore, his revenue, is in such countries necessarily and immediately connected with the cultivation of the land, with the greatness of its produce, and with the value of its produce But in order to render that produce both as great and as valuable as possible, it is necessary to procure to it as extensive a market as possible, and consequently to establish the freest, the easiest and the least expensive communication between all the different parts of the country, which can be done only by means of the best roads

that dependency is neither so immediate, nor so evident In Europe, therefore, the sovereign does not feel himself so directly called upon to promote the increase, both in quantity and value, of the produce of the land or, by maintaining good roads and canals to provide the most extensive market for that

Even those public works which are of such a nature that they cannot afford any revenue for maintaining themselves but of which the conveniency is nearly confined to some particular place or district, are always better maintained by a local or provincial revenue under the management of a local or provincial administration, than by the general revenue of the state, of which the executive power

paved as they are at present, or even at so small an expense? The expense, besides, instead of being raised by a local tax upon the inhabitants of each particular street parish, or district in London, would, in this case, be defrayed out of the general revenue of the state and would consequently be raised by a tax upon all the inhabitants of the kingdom of whom the greater part derive no sort of

benefit from the lighting and paving of the streets of London

The abuses which sometimes creep into the local and provincial administration of a local and provincial revenue how enormous soever

more easily corrected Under the local or provincial administration of the justices of the peace in Great Britain the six days labour

of cruelty or oppression In France under the administration of the intendants the application is not always more judicious and the exaction is frequently the most cruel and oppressive Such *Corvees* as they are called make one of the principal instruments of tyranny by which those officers chastise any parish or *communaute* which has had the misfortune to fall under their displeasure

Of the Publ c Works and Inst tut ons wh ch are necessary for facilitating part cular Branches of Commerce

The object of the public works and institutions above mentioned is to facilitate commerce in general But in order to facilitate some particular branches of it, particular institutions are necessary which again require a particular and extraordinary expense

Some particular branches of commerce wh ch are carried on with barbarous and uncivil sed nations require extraordinary pro-

natives it is necessary that the place where

in that country Among other nations whose vigorous government will suffer no strangers to possess any fortified place within their territory it may be necessary to maintain some ambassador minister or counsel who may

fere with more authority and afford them a more powerful protection than they could expect from any private man The interests of commerce have frequently made it necessary to maintain ministers in foreign countries where the purposes either of war or alliance would not have required any The commerce of the Turkey Company first occasioned the establishment of an ordinary ambassador at Constantinople The first English embassies to Russia arose altogether from commercial interests The constant interference which those interests necessarily occasioned between the subjects of the different states of Europe has probably introduced the custom of keeping in all neighbouring countries ambassadors or ministers constantly resident even in the time of peace This custom unknown to ancient times seems not to be older than the end of the fifteenth or beginning of the sixteenth century that is

It seems not unreasonable that the extraordinary expense which the protection of any particular branch of commerce may occasion should be defrayed by a moderate tax upon that particular branch by a moderate fine for example to be paid by the traders when they first enter into it or what is more equal by a particular duty of so much per cent upon the goods which they either import into or export out of the partic ilar countries with which it is carried on The protec

pense of protecting trade in general it should seem equally reasonable to lay a particular tax upon a particular branch of trade in order to defray the extraordinary expense of protecting that branch

The protection of trade in general has always been cons dered as essential to the defence of the commonwealth and upon that account a necessary part of the duty of the executive power The collection and application of the general duties of customs there fore have always been left to that power But the protection of any particular branch of trade is a part of the general protect on of trade a part therefore of the duty of that power and if nations always acted consist

and in the greater part of the commercial states of Europe particular companies of merchants have had the address to persuade the legislature to entrust to them the performance of this part of the duty of the sovereign together with all the powers which are necessarily connected with it

These companies though they may, perhaps have been useful for the first introduction of some branches of commerce, by making at their own expense an experiment which the state might not think it prudent to make have in the long run proved universally either burdensome or useless and have either mismanaged or confined the trade

When those companies do not trade upon a joint stock but are obliged to admit any person properly qualified upon paying a certain fine and agreeing to submit to the regulations of the company, each member trading upon his own stock and at his own risk they are called regulated companies When they trade upon a joint stock each member sharing in the common profit or loss in proportion to his share in this stock they are called joint stock companies Such companies whether regulated or joint stock sometimes have and sometimes have not exclusive privileges

Regulated companies resemble in every respect the corporations of trades so common in the cities and towns of all the different countries of Europe and are a sort of enlarged monopolies of the same kind As no inhabitant of a town can exercise an incorporated trade without first obtaining his free- [illegible]oration so in most cases no [illegible] any [illegible]ted [illegible]om[illegible] ing a member of the [illegible] op- oly is more or less strict according as the terms of admission are more or less difficult and according as the directors of the company have more or less authority or have it more or less in their power to manage in such a manner as to confine the greater part of the trade to themselves and their particular friends. In the most [illegible] regulated companies the privileges of apprenticeship were the same as in other corporations, and entitled the person who had served his time to a member of the company to become himself a member either without paying any fine or upon paying a much smaller one than what was exacted of other people The usual corporation spirit wherever the law does not restrain it prevails in all regulated companies When they have been allowed to act according to their natural genius they have always in order to confine the competition to as small a number of persons as possible endeavoured to subject the trade to many burdensome regulations. When the law has restrained them from doing this, they have become altogether useless and insignificant

The regulated companies for foreign commerce which at present subsist in Great Brit[illegible] merchant adventurers [illegible] Company [illegible] land Company, the Turkey C[illegible] and the African Company

The terms of admission into the Hamburg Company are now said to be quite easy and the directors either have it not in their power to subject the trade to any burdensome restraint or regulations, or at least, have not of late exercised that power It has not always been so About the middle of the last century, the fine for admission was fifty, and at one time one hundred pounds, and the conduct of the company was said to be extremely oppressive In 1643 in 1645 and in 1661 the clothiers and free traders of the West of England complained of them to Parliament as of monopolists who confined the trade and oppressed the manufactures of the country Though those complaints produced an Act of Parliament they had probably intimidated the company so far as to oblige them to reform their conduct Since that time at least there has been no complaints against them By the 10th and 11th of William III c 6 the fine for admission into the Russia Company was reduced to five pounds and by the 25th of Charles II c 7, that for admission into the Eastland Company to forty shillings, while at the same time Sweden Denmark and Norway all the countries on the north side of the Baltic were exempted from their exclusive charter The conduct of those companies had probably given occasion to those two Acts of Parliament Before that time Sir Josiah Child had represented both these and the Hamburg Company as extremely oppressive and imputed to their bad management the low state of the trade which we at that time carried on to the countries comprehended within their respective charters But though such companies may not in the present times, be very oppressive they are certainly altogether useless To be merely useless, indeed is perhaps the highest eulogy which can ever justly be bestowed upon a regulated company and all the three companies above mentioned seem in their present state to deserve this eulogy

The fine for admission into the Turkey Company was formerly twenty five pounds for all persons under twenty-six years of age and fifty pounds for all persons above that age Nobody but mere merchants could be admitted a restriction which excluded all shopkeepers and retailers By a bye law no

British manufactures could be exported to Turkey but in the general ships of the company, and as those ships sailed always from the port of London, this restriction confined the trade to that expensive port, and the

member, another restriction which, joined to

and those of their particular friends, to the exclusion of others, who, they might pretend, had made their proposals too late In this state of things, therefore, this company was in every respect a strict and oppressive monopoly Those abuses gave occasion to the act of the 26th of George II, c 18, reducing the fine for admission to twenty pounds for all persons without any distinction of ages, or any restriction, either to mere merchants, or to the freemen of London, and granting to

paying both the general duties of customs, and the particular duties assessed for defraying the necessary expenses of the company, and submitting, at the same time, to the lawful authority of the British ambassador and consuls resident in Turkey, and to the bye-laws of the company duly enacted To prevent any oppression by those bye laws, it was by the same act ordained, that if any seven members of the company conceived themselves aggrieved by any bye law which should be enacted after the passing of this act, they might appeal to the Board of Trade

within twelve months after the bye law was enacted and that if any seven members conceived themselves aggrieved by any bye law which had been enacted before the passing of this act, they might bring a like appeal, provided it was within twelve months after the day on which this act was to take place The experience of one year, however, may not always be sufficient to discover to all the members of a great company the pernicious

The object, besides, of the greater part of the bye laws of all regulated companies, as well as of all other corporations, is not so much to oppress those who are already members, as to discourage others from becoming so, which may be done, not only by a high fine, *but by many other contrivances* The constant view of such companies is always to raise the rate of their own profit as high as they can to keep the market both for the

even though not incorporated, naturally combine to raise profits, which are noway so likely to be kept, at all times, down to their proper level, as by the occasional competition of speculative adventurers The Turkey trade, though in some measure laid open by this Act of Parliament, is still considered by many people as very far from being altogether free The Turkey Company contribute to maintain an ambassador and two or three consuls, who, like other public ministers, ought to be maintained altogether by the

purposes might afford a revenue much more than sufficient to enable the state to maintain such ministers

Regulated companies, it was observed by *Sir Josiah Child, though they had frequently* supported public ministers, had never maintained any forts or garrisons in the countries to which they traded, whereas joint stock companies frequently had And in reality the former seem to be much more unfit

pany, on the contrary, having only their share in the profits which are made upon the common stock committed to their management, have no private trade of their own

of which the interest can be separated from that of the general trade of the company Their private interest is connected with the prosperity of the general trade of the com-

which that maintenance necessarily requires Secondly, the directors of a joint stock company have always the management of a large capital, the joint stock of the company, a part of which they may frequently employ, with propriety, in building repairing and maintaining such necessary forts and garrisons But the directors of a regulated company, having the management of no common capital, have no other fund to employ in this way but the casual revenue arising from the admission fines, and from the corporation duties imposed upon the trade of the company Though they had the same interest, therefore, to attend to the maintenance of such forts and garrisons they can seldom have the same ability to render that attention effectual The maintenance of a public minister requiring scarce any attention, and but a moderate and limited expense, is a business much more suitable both to the temper and abilities of a regulated company

Long after the time of Sir Josiah Child, however, in 1750, a regulated company was established, the present company of merchants trading to Africa, which was expressly charged at first with the maintenance of all the British forts and garrisons that lie between Cape Blanc and the Cape of Good

an attention, which is not natural to them, towards the maintenance of forts and garrisons

For the first of these purposes the fine for admission is limited to forty shillings The company is prohibited from trading in their corporate capacity, or upon a joint stock from

of nine persons who meet at London but who are chosen annually by the freemen of the company at London Bristol and Liverpool, three from each place No committee man can be continued in office for more than three years together Any committee man might be removed by the Board of Trade and Plan

for that purpose, export from Great Britain to Africa goods and stores of different kinds Out of the monies which they shall receive

management, commission, and agency in England What remains of this sum, after defraying these different expenses, they may divide among themselves, as compensation for their trouble, in what manner they think proper By this constitution, it might have been expected that the spirit of monopoly would have been effectually restrained and the first of these purposes sufficiently answered It would seem, however, that it had not Though by the 4th of George III, c 20 the fort of Senegal, with all its dependencies,

bary, to Cape Rouge, was exempted from the jurisdiction of that company, was vested in the crown, and the trade to it declared free to all his Majesty's subjects The company had been suspected of restraining the trade and of establishing some sort of improper monopoly It is not, however, very easy to conceive how, under the regulations of the 23rd of George II, they could do so In the printed debates of the House of Commons not always the most authentic records of

would establish a real monopoly

For the second of these purposes, the main

gives so little attention to the application of millions, is not likely to give much to that of £13,000 a year, and the Cursitor Baron of Exchequer, from his profession and education, is not likely to be profoundly skilled in the proper expense of forts and garrisons The captains of his Majesty's navy, indeed, or any other commissioned officers appointed by the Board of Admiralty, may inquire into the condition of the forts and garrisons, and report their observations to that board But that board seems to have no direct jurisdiction over the committee, nor any authority to correct those whose conduct it may thus inquire into, and the captains of his Majesty's navy, besides, are not supposed to be always deeply learned in the science of fortification. Removal from an office which can be enjoyed only for the term of three years, and of which the lawful emoluments, even during that term, are so very small, seems to be the utmost punishment to which any committee-man is liable for any fault, except direct malversation, or embezzlement, either of the public money, or of that of the company, and the fear of that punishment can never be a motive of sufficient weight to force a continual and careful attention to a business to which he has no other interest to attend The committee are accused of having sent out bricks and stones from England for the reparation of Cape Coast Castle on the coast of Guinea, a business for which Parliament had several times granted an extraordinary sum of money These bricks and stones too, which had thus been sent upon so long a voyage, were said to have been of so bad a quality that it was necessary to rebuild from the foundation the walls which had been repaired with them The forts and garrisons which lie north of Cape Rouge are not only maintained at the expense of the state, but are under the immediate government of the executive power; and why those which lie south of that Cape, and which too are, in part at least, maintained at the expense of the state, should be under a different government, it seems not very easy even to imagine a good reason The protection of the Mediterranean trade was the original purpose or pretence of the garrisons of Gibraltar and Minorca, and the maintenance and government of those garrisons has always been, very properly committed not to the Turkey Company but to the executive power In the extent of its dominion consists in a great measure the pride and dignity of that power; and it is not very likely to fail in attention to what is necessary for the defence of that dominion The garrisons at Gibraltar and Minorca accordingly have never been neglected though Minorca has been twice taken, and is now probably lost for ever that disaster was never even imputed to any neglect in the executive power I would not, however, be understood to insinuate that either of those expensive garrisons was ever, even in the smallest degree, necessary for the purpose for which they were originally dismembered from the Spanish monarchy That dismemberment, perhaps, never served any other real purpose than to alienate from England her natural ally the King of Spain, and to unite the two principal branches of the house of Bourbon in a much stricter and more permanent alliance than the ties of blood could ever have united them

Joint stock companies established either by Royal Charter or by Act of Parliament, differ in several respects, not only from regulated companies, but from private copartneries

First, in a private copartnery, no partner, without the consent of the company, can transfer his share to another person, or introduce a new member into the company Each member, however, may, upon proper warning, withdraw from the copartnery, and demand payment from them of his share of the common stock In a joint stock company, on the contrary, no member can demand payment of his share from the company, but each member can, without their consent, transfer his share to another person, and thereby introduce a new member The value of a share in a joint stock is always the price which it will bring in the market, and this may be either greater or less, in any proportion, than the sum which its owner stands credited for in the stock of the company

Secondly, in a private copartnery, each partner is bound for the debts contracted by the company to the whole extent of his fortune In a joint stock company, on the contrary, each partner is bound only to the extent of his share

The trade of a joint stock company is always managed by a court of directors This court indeed is frequently subject, in many respects to the control of a general court of proprietors But the greater part of those proprietors seldom pretend to understand anything of the business of the company, and when the spirit of faction happens not to prevail among them, give themselves no trouble about it, but receive contentedly such half yearly or yearly dividend as the directors think proper to make to them This total exemption from trouble and from risk, beyond a limited sum, encourages many people to become adventurers in joint stock companies, who would, upon no account, hazard their fortunes in any private copartnery Such companies therefore commonly draw to themselves much greater stocks than any private copartnery can boast of The trading

such companies however, being the managers rather of other people s money than of their own it cannot well be expected that they should watch over it with the same anxious vigilance with which the partners in a private copartnery frequently watch over their own

this account that joint stock companies for

privilege they have both mismanaged and confined it

The Royal African Company, the predecessors of the present African Company, had an exclusive privilege by charter but as that charter had not been confirmed by Act of Parliament the trade in consequence of the Declaration of Rights was soon after the revolution, laid open to all his Majesty s subjects The Hudson's Bay Company are, as to their legal rights in the same situation as the Royal African Company Their exclusive charter has not been confirmed by Act of Parliament The South Sea Company as long as they continued to be a trading company had an exclusive privilege confirmed by Act of Parliament as have likewise the present United Company of Merchants trading to the East Indies

The Royal African Company soon found that they could not maintain the competition against private adventurers whom notwithstanding the Declaration of Rights they continued for some time to call interlopers, and to persecute as such In 1698 however the private adventurers were subjected to a duty of ten per cent upon almost all the different branches of their trade to be employed by the company in the maintenance of their forts and garrisons But notwithstanding this heavy tax, the company were still unable to

their security and for that of their creditors. It was enacted that the resolution of two-

necessity to allow the annual sum of ten thousand pounds for that purpose In 1730 after having been for many years losers by the trade of carrying negroes to the West Indies, they at last resolved to give it up altogether to sell to the private traders to America the negroes which they purchased upon the coast, and to employ their servants in a trade to the inland parts of Africa for gold dust, elephants teeth, dyeing drugs etc But their success in this more confined trade was not greater than in their former extensive

sons vested in the present regulated company of merchants trading to Africa Before the erection of the Royal African Company, there had been three other joint stock companies successively established one after another for the African trade They were all equally unsuccessful They all however, had exclusive charters which, though not confirmed by Act of Parliament, were in those days supposed to convey a real exclusive privilege

The Hudson s Bay Company, before their misfortunes in the late war, had been much more fortunate than the Royal African Company

to Hudson's Bay The moderate capital of the company, which it is said does not exceed one hundred and ten thousand pounds may besides be sufficient to enable them to engross the whole or almost the whole, trade and

surplus produce of the miserable though extensive country, comprehended within their charter No private adventurers, accordingly, have ever attempted to trade to that country in competition with them This company, therefore, have always enjoyed an exclusive trade in fact, though they may have no right to it in law Over and above all this, the moderate capital of this company is said to be divided among a very small number of proprietors But a joint stock company, consisting of a small number of proprietors, with a moderate capital, approaches very nearly to the nature of a private copartnery, and

gree of success It does not seem probable, however, that their profits ever approached

justly observes that, upon examining the accounts of which Mr Dobbs himself was given for several years together of their exports and imports, and upon making proper allowances for their extraordinary risk and expense, it does not appear that their profits deserve to be envied or that they can much, if at all, exceed the ordinary profits of trade

The South Sea Company never had any forts or garrisons to maintain, and therefore were entirely exempted from one great expense to which other joint stock companies

them would be foreign to the present subject Their mercantile projects were not much

Spanish West Indies Of the ten voyages which this annual ship was allowed to make, they are said to have gained considerably by one, that of the *Royal Caroline* in 1731, and to have been losers more or less, by almost all the rest Their ill success was imputed, by their factors and agents to the extortion and oppression of the Spanish government, but was, perhaps, principally owing to the profusion and depredations of those very factors and agents, some of whom are said to have acquired great fortunes even in one year In 1734, the company petitioned the king that they might be allowed to dispose of the trade and tonnage of their annual ship on account of the little profit which they made by it, and to accept such equivalent as they could obtain from the King of Spain

In 1724, this company had undertaken the whale fishery Of this, indeed, they had no

eighth and last voyage, when they had sold their ships, stores, and utensils, they found that their whole loss upon this branch capital and interest included, amounted to upwards of two hundred and thirty seven thousand pounds

In 1722 this company petitioned the Parliament to be allowed to divide their immense capital of more than thirty three millions eight hundred thousand pounds, the whole of which had been lent to government, into two equal parts The one half, or upwards of sixteen millions nine hundred thousand pounds, to be put upon the same footing with other government annuities, and not to be subject to the debts contracted, or losses incurred by the directors of the company in the pros-

Aix la-Chapelle, given up for what was supposed an equivalent An end was put to their trade with the Spanish West Indies, the remainder of their t

into an annuity stock and the company ceased in every respect to be a trading company

It ought to be observed that in the trade which the South Sea Company carried on by means of their annual ship the only trade by which it ever was expected that they could make any considerable profit, they were not without competitors either in the foreign or in the home market At Carthagena Porto Bello and La Vera Cruz they had to encounter the competition of the Spanish merchants who brought from Cadiz, to those markets, European goods of the same kind with the outward cargo of their ship and in England they had to encounter that of the English merchants who imported from Cadiz goods of the Spanish West Indies of the same kind with the inward cargo The goods both of the Spanish and English merchants, indeed were perhaps, subject to higher duties But the loss occasioned by the negligence profusion and malversation of the servants of the company had probably been a tax much heavier than all those duties That a joint stock company should be able to carry on successfully any branch of foreign trade when private adventurers can come into any sort of open and fair competition with them seems contrary to all experience

The old English East India Company was established in 1600 by a charter from Queen Elizabeth In the first twelve voyages which they fitted out for India they appear to have traded as a regulated company with separate stocks, though only in the general ships of the company In 1612 they united into a joint stock Their charter was exclusive and though not confirmed by Act of Parliament was in those days supposed to convey a real exclusive privilege For many years therefore they were not much disturbed by interlopers Their capital which never exceeded seven hundred and forty four thousand pounds and of which fifty pounds was a share was not so exorbitant nor their dealings so extensive, as to afford either a pretext for gross negligence and profusion or a cover to gross malversation Notwithstanding some extraordinary losses occasioned partly by the malice of the Dutch East India Company and partly by other accidents they carried on for many years a successful trade But in process of time when the principles of liberty were better understood it became every day more and more doubtful how far a Royal Charter not confirmed by Act of Parliament could convey an exclusive privilege Upon this question the decisions of the courts of justice were not uniform but varied with the authority of government and the humours of the times Interlopers multiplied upon them and towards the end of the reign of Charles II through the whole of that of James II and during a part of that of William III reduced them to great distress In 1698 a proposal was made to Parliament of advancing two millions to government at eight per cent, provided the subscribers were erected into a new East India Company with exclusive privileges The old East India Company offered seven hundred thousand pounds nearly the amount of their capital at four per cent upon the same conditions But such was at that time the state of public credit that it was more convenient for government to borrow two millions at eight per cent than seven hundred thousand pounds at four The proposal of the new subscribers was accepted and a new East India Company established in consequence The old East India Company however had a right to continue their trade till 1701 They had at the same time in the name of their treasurer subscribed, very artfully three hundred and fifteen thousand pounds into the stock of the new By a negligence in the expression of the Act of Parliament which vested the East India trade in the subscribers to this loan of two millions it did not appear evident that they were all obliged to unite into a joint stock A few private traders, whose subscriptions amounted only to seven thousand two hundred pounds, insisted upon the privilege of trading separately upon their own stocks and at their own risk The old East India Company had a right to a separate trade upon their old stock till 1701 and they had likewise both before and after that period a right, like that of other private traders to a separate trade upon the three hundred and fifteen thousand pounds which they had subscribed into the stock of the new company The competition of the two companies with the private traders and with one another is said to have well nigh ruined both Upon a subsequent occasion in 1730 when a proposal was made to Parliament for putting the trade under the management of a regulated company and thereby laying it in some measure open the East India Company in opposition to this proposal represented in very strong terms what had been at this time the miserable effects as they thought them of this competition In India they said it raised the price of goods so high that they were not worth the buying and in England by overstocking the market it sunk their price so low that no profit could be made by them That by a more plentiful supply to the great advantage and conveniency of the public it must have reduced very much the price of Indian goods in the English market cannot well be doubted but that it should have raised very much their price in the Indian market

seems not very probable, as all the extraordinary demand which that competition could occasion must have been but as a drop of water in the immense ocean of Indian Commerce The increase of demand, besides, though in the beginning it may sometimes raise the price of goods, never fails to lower

might never otherwise have been thought of The miserable effects of which the company complained were the cheapness of consumption and the encouragement given to production, precisely the two effects which it is the great business of political economy to promote The competition, however, of which

clause allowing the separate traders to continue their trade till Michaelmas 1711, but at the same time empowering the directors, upon three years' notice, to redeem their little capital of seven thousand two hundred pounds, and thereby to convert the whole stock of the company into a joint stock By the same act, the capital of the company, in consequence of a new loan to government, was augmented from two millions to three millions two hundred thousand pounds In 1743, the company advanced another million to government But this million being raised, not by a call upon the proprietors, but by selling annuities and contracting bond debts, it did not augment the stock upon which the proprietors could claim a dividend It augmented however, their trading stock, it being equally liable with the other three

Dupleix, the French governor of Pondicherry, involved them in the wars of the Carnatic, and in the politics of the Indian princes After many signal successes, and equally signal losses, they at last lost Madras, at that time their principal settlement in India It was restored to them by the Treaty of Aix-la-Chapelle, and about this time the spirit of war and conquest seems to have taken possession of their servants in India, and never since to have left them During the French war, which began in 1755, their arms partook of the general good fortune of those of Great Britain They defended Madras took Pondicherry, recovered Calcutta, and acquired the revenues of a rich and extensive territory, amounting, it was then said, to upwards of three millions a year They remained for several years in quiet possession of this revenue but in 1767, administration laid claim to their

before this gradually augmented their dividend from about six to ten per cent, that is, upon their capital of three millions two hundred thousand pounds they had increased it by a hundred and twenty-eight thousand pounds, or had raised it from one hundred and ninety two thousand to three hundred and twenty thousand pounds a year They were attempting about this time to raise it still further to twelve and a half per cent, which would have made their annual pay-

of dividend therefore, when it had risen to its utmost height, could augment their annual payments, to their proprietors and government together, but by six hundred and eight thousand pounds beyond what they had

and military charges, was stated at two millions forty-eight thousand seven hundred and forty seven pounds They were said at the same time to possess another revenue, arising partly from lands, but chiefly from the customs established at their different set tlements amounting to four hundred and thirty nine thousand pounds. The profits of their trade too according to the evidence of their chairman before the House of Commons, amounted at this time to at least four hundred thousand pounds a year according to that of their accountant to at least five hundred thousand according to the lowest account at least equal to the highest dividend that was to be paid to their proprietors So great a revenue might certainly have afforded an augmentation of six hundred and eight thou sand pounds in their annual payments and at the same time have left a large sinking fund sufficient for the speedy reduction of their debts In 1773 however their debts instead of being reduced were augmented by an arrear to the treasury in the payment of the four hundred thousand pounds, by another to the custom house for duties un paid by a large debt to the bank for money borrowed and by a fourth for bills drawn upon them from India and wantonly ac cepted to the amount of upwards of twelve hundred thousand pounds The distress which these accumulated claims brought upon them obliged them not only to reduce all at once their dividend to six per cent but to throw themselves upon the mercy of government and to supplicate first a release from further payment of the stipulated four hundred thousand pounds a year and secondly a loan of fourteen hundred thousand to save them from immediate bankruptcy The great in crease of their fortune had it seems only served to furnish their servants with a pre text for greater profusion and a cover for greater malversation than in proportion even to that increase of fortune The conduct of their servants in India and the general state of their affairs both in India and in Europe became the subject of a Parliamentary in quiry in consequence of which several very important alternations were made in the con stitution of their government both at home and abroad In India their principal settle ments of Madras Bombay and Calcutta which had before been altogether independent of one another, were subjected to a governor general assisted by a council of four assessors Parliament assuming to itself the first nomi nation of this governor and council who were to reside at Calcutta that city having now become what Madras was before the most important of the English settlements in India The Court of the Mayor of Calcutta orig inally instituted for the trial of mercantile causes which arose in the city and neighbour hood had gradually extended its jurisdiction with the extension of the empire It was now reduced and confined to the original purpose of its institution Instead of it a new supreme court of judicature was established consisting of a chief justice and three judges to be ap pointed by the crown In Europe, the quali fication necessary to entitle a proprietor to vote at their general courts was raised from five hundred pounds the original price of a share in the stock of the company, to a thou sand pounds In order to vote upon this qualification too it was declared necessary that he should have possessed it if acquired by his own purchase, and not by inheritance, for at least one year instead of six months, the term requisite before The court of twenty four directors had before been chosen annually but it was now enacted that each director should for the future be chosen for four years six of them, however, to go out of office by rotation every year, and not to be capable of being re chosen at the election of the six new directors for the ensuing year In consequence of these alterations the courts both of the proprietors and directors, it was expected would be likely to act with more dignity and steadiness than they had usually done before But it seems impossible by any alterations to render those courts, in any respect fit to govern or even to share in the government of a great empire because the greater part of their members must always have too little interest in the prosperity of that empire to give any serious attention to what may promote it Frequently a man of great sometimes even a man of small fortune is willing to purchase a thousand pounds share in India stock merely for the influence which he expects to acquire by a vote in the court of proprietors It gives him a share though not in the plunder yet in the appoint ment of the plunderers of India the court of directors though they make that appoint ment being necessarily more or less under the influence of the proprietors who not only elect those directors, but sometimes overrule the appointments of their servants in India Provided he can enjoy this influence for a few years and thereby provide for a certain number of his friends he frequently cares little about the dividend or even about the value of the stock upon which his vote is founded About the prosperity of the great empire in the government of which that vote gives him a share he seldom cares at all No other sovereigns ever were or from the na ture of things ever could be so perfectly in different about the happiness or misery of

their subjects, the improvement or waste of their dominions, the glory or disgrace of their administration, as, from *irresistible moral* causes the greater part of the proprietors of such a mercantile company are and necessarily must be This indifference too was more likely to be increased than diminished by some of the new regulations which were made in consequence of the Parliamentary inquiry By a resolution of the House of Commons for example it was declared that when the fourteen hundred thousand pounds lent to the company by government should be paid, and their bond-debts be reduced to fifteen hundred thousand pounds, they might then and not till then divide eight per cent upon their capital, and that whatever remained of their revenues and net profits at home should be divided into four parts three of them to be paid into the exchequer for the use of the public, and the fourth to be reserved as a fund either for the further reduction of their bond debts, or for the discharge of *other contingent exigencies which* the company might labour under But if the company were bad stewards and bad sovereigns when the whole of their net revenue and profits belonged to themselves, and were at their own disposal they were surely not

people

It might be more agreeable to the com

support even of the authority of their own court might sometimes be a matter of less consequence than the support of those who had set that authority at defiance

The regulations of 1773, accordingly did not put *an end to the disorders of the* com

their depredations over a vast accession of some of the richest and most fertile countries in India all was *wasted and destroyed* They found themselves altogether unprepared to stop or resist the incursion of Hyder Ali, and in consequence of those disorders the company is now (1784) in greater distress than ever and in order to prevent immediate bankruptcy, is once more reduced to supplicate the assistance of government. Different plans have been proposed by the different parties in Parliament for the better management of its affairs And all those plans seem

its own incapacity so far, and seems, upon that account, willing to give them up to government

With the right of possessing forts and garrisons in distant and barbarous countries is necessarily connected the right of making *peace and war in those countries* The joint stock companies which have had the one right have constantly exercised the other, and have frequently had it expressly conferred upon them How unjustly, how capriciously, how cruelly they have commonly exercised it, is too well known from recent experience

porate them into a joint stock company, and to grant them in case of their success a monopoly of the trade for a certain number of

reap the benefit A temporary monopoly of this kind may be vindicated upon the same principles upon which a like monopoly of a new machine is granted to its inventor, and that of a new book to its author But upon the expiration of the term the monopoly ought certainly to determine the forts and garrisons if it was found necessary to establish any to be taken into the hands of government their value to be paid to the company and the trade to be laid open to all the subjects of the state By a perpetual mo-

in this manner It is merely to enable the company to support the negligence, profusion, and malversation of their own servants, whose disorderly conduct seldom allows the dividend of the company to exceed the ordinary rate of profit in trades which are altogether free and very frequently makes it fall even a good deal short of that rate Without

another, when there are many competitors in both, to watch over, not only the occasional

Company, upon the redemption of their funds, and the expiration of their exclusive privilege, have a right, by Act of Parliament to continue a corporation with a joint stock, and to trade in their corporate capacity to the East Indies in common with the rest of their fellow subjects But in this situation the superior vigilance and attention of private adventurers would, in all probability, soon make them weary of the trade

An eminent French author, of great knowl

compensation, there have been several joint stock companies which have failed and which he has omitted

The only trades which it seems possible for a joint stock company to carry on successfully without an exclusive privilege are those of which all the operations are capable of being reduced to what is called a Routine, or to

fourthly, the similar trade of bringing water for the supply of a great city

Though the principles of the banking trade may appear somewhat abstruse, the practice is capable of being reduced to strict rules To depart upon any occasion from those rules

ders them in general more tenacious of established rules than any private copartnery Such companies, therefore, seem extremely well fitted for this trade The principal banking companies in Europe, accordingly, are joint stock companies, many of which manage their

The value of the risk, either fro

from loss by sea or by capture, though it cannot, perhaps, be calculated very exactly admits however, of such a gross estimation as renders it, in some degree, reducible to strict rule and method The trade of insurance

strict rule and method Even the ma

it is so as it may be contracted for with undertakers at so much a mile, and so much a lock The same thing may be said of a canal an aqueduct or a great pipe for bringing water to supply a great city Such undertakings therefore may be, and accordingly frequently are very successfully managed by joint stock companies without any exclusive privilege

To establish a joint stock company, however for any undertaking merely because

all their neigh capable exemp sonable

tion would certainly not be

To render such an establishment perfectly reasonable, with the circumstance of being reducible to strict rule and method two other circumstances ought to concur First it ought to appear with the clearest evidence that the

undertaking is of greater and more general utility than the greater part of common trades and secondly, that it requires a greater capital than can easily be collected into a

this case the demand for what it was to produce would readily and easily be supplied by private adventures In the four trades above mentioned, both those circumstances concur

The great and general utility of the banking trade when prudently managed has been fully explained in the second book of this Inquiry But a public bank which is to support public credit, and upon particular emergencies to advance to government the whole produce of a tax, to the amount, perhaps, of several millions a year or two before it comes in, requires a greater capital than can easily be collected into any private copartnery

and easy upon the whole society In order to give this security, however, it is necessary that the insurers should have a very large capital Before the establishment of the two joint stock companies for insurance in London a list it is said was laid before the attorney general of one hundred and fifty private insurers who had failed in the course of a few years

That navigable cuts and canals and the

suits the fortunes of private people is sufficiently obvious.

Except the four trades above mentioned I have not been able to recollect any other

of many private men Whether the trade which those companies carry on is reducible to such strict rule and method as to render it fit for the management of a joint stock company, or whether they have any reason to boast of their extraordinary profits I do not pretend to know The mine adventurers' company has been long ago bankrupt A share in the stock of the British Linen Company of

moting some particular manufacture over and above managing their own affairs ill, to the diminution of the general stock of the

branches of the manufacture of which the undertakers mislead and impose upon them

and the most effectual

Article II

Of the Expense of the Institutions for the Education of Youth

The institutions for the education of the youth may in the same manner furnish a revenue sufficient for defraying their own expense The fee or honorary which the scholar pays to the master naturally constitutes a revenue of this kind

Even where the reward of the master does not arise altogether from this natural revenue, it still is not necessary that it should be derived from that general revenue of the society of which the collection and application

general revenue or but a very small one It

everywhere arises chiefly from some local or provincial revenue, from the rent of some landed estate, or from the interest of some sum of money allotted and put under the management of trustees for this particular purpose, sometimes by the sovereign himself

to give at least a probable answer to each of those questions

In every profession, the exertion of the greater part of those who exercise it is always in proportion to the necessity they are under of making that exertion This necessity is greatest with those to whom the emoluments of their profession are the only source from which they expect their fortune, or even their ordinary revenue and subsistence In order to acquire this fortune, or even to get this subsistence they must, in the course of a year execute a certain quantity of work of a known value and where the competition is free the rivalship of competitors, who are all endeavouring to justle one another out of employment, obliges every man to endeavour to execute his work with a certain degree of exactness The greatness of the objects which are to be acquired by success in some particular professions may, no doubt, sometimes animate the exertion of a few men of extraordinary spirit and ambition Great objects, however are evidently not necessary in order to occasion the greatest exertions Rivalship and emulation render excellency even in mean professions an object of ambition and frequently occasion the very greatest exer-

few men born to easy fortunes have ever in

aries is evidently derived from a fund altogether independent of their success and reputation in their particular professions

In some universities the salary makes but a part, and frequently but a small part of the emoluments of the teacher of which the greater part arises from the honoraries or fees of his pupils The necessity of applica

pendency upon the affection gratitude and

ited from receiving any honorary or fee from his pupils and his salary constitutes the whole

of
fice
ly
to set it It is the interest of every man to live as much at his ease as he can and if his emoluments are to be precisely the same whether he does or does not perform some very laborious duty, it is certainly his interest, at least as interest is vulgarly understood either to neglect it altogether, or if he is

that activity in any way from which he can derive some advantage, rather than in the performance of his duty, from which he can derive none

If the authority to which he is subject resides in the body corporate, the college or university, of which he himself is a member and which the greater part of the other members are like himself, persons who either are or ought to be teachers, they are likely to make a common cause, to be all very indulgent to one another, and every man to consent that his neighbour may neglect his duty provided he himself is allowed to neglect his own In the university of Oxford the greater part of the public professors have for these many years given up altogether even the pretence of teaching

If the authority to which he is subject re

certain number of lectures in the week or in

An extraneous jurisdiction of this kind

of the teacher themselves nor perhaps understanding the sciences which it is his business to teach are seldom capable of exercising it with judgment From the insolence of office, too, they are frequently indifferent how they exercise it and are very apt to censure or deprive him of his office wantonly, and without any just cause The person subject to

such jurisdiction is necessarily degraded by it and instead of being one of the most re spectable is rendered one of the meanest and most contemptible persons in the society It is by powerful protection only that he can effectually guard himself against the bad us-

a member Whoever has attended for any

this kind

Whatever forces a certain number of stu dents to any college or university independ ent of the merit or reputation of the teachers tends more or less to diminish the necessity of

a certain number of students to such univer sities *independent of the merit or reputation* of the teachers The privileges of graduates are a sort of statutes of apprenticeship which have contributed to the improvement of edu

a certain number of students to certain col leges independent altogether of the merit of those particular colleges Were the students

even the independent members of every par ticular college from leaving it and going to any other without leave first asked and ob tained of that which they meant to abandon would tend very much to extinguish that emulation

If in each college the tutor or teacher who was to instruct each student in all arts and sciences should not be voluntarily chosen by the student but appointed by the head of the college and if in case of neglect inab l ity or ba l usage the student should not be allowed to change him for another without leave first asked and obtained such a regula tion would not only tend very much to ex tinguish all emulation among the different tutors of the same college but to diminish very much in all of them the necessity of dil igence and of attention to their respective pupils Such teachers though very well paid by their students might be as much disposed to neglect them as those who are not paid by them at all or who have no other recom pense but their salary

them with plain enough marks of neglect, contempt and derision If he is obliged, therefore to give a certain number of lec-

this book is written in a foreign and dead

him to force all his pupils to the most reg ular attendance upon this sham lecture and *to maintain the most decent and respectful* behaviour during the whole time of the per formance

The discipline of colleges and universities

greater part of the students ever neglect theirs No discipline is ever requisite to force attend ance upon lectures which are really worth the attending as is well known wherever any

such lectures are given Force and restraint may, no doubt, be in some degree requisite in order to oblige children, or very young boys, to attend to those parts of education which it is thought necessary for them to acquire during that early period of life, but after twelve or thirteen years of age, provided the master does his duty, force or restraint can scarce ever be necessary to carry on any part of education Such is the generosity of the greater part of young men, that, so far from being disposed to neglect or despise the instructions of their master, provided he shows some serious intention of being of use to

from the public a good deal of gross negligence

Those parts of education, it is to be observed, for the teaching of which there are no public institutions, are generally the best taught When a young man goes to a fencing or a dancing school he does not indeed always learn to fence or to dance very well, but he seldom fails of learning to fence or to dance The good effects of the riding school are not commonly so evident The expense of a riding school is so great, that in most places it is a public institution The three most essential parts of literary education, to read write and account, it still continues to be more common to acquire in private than in public schools and it very seldom happens that anybody fails of acquiring them to the degree in which it is necessary to acquire them

In England the public schools are much less corrupted than the universities In the

nor always can find any proper means of being taught the sciences which it is the business of those incorporated bodies to teach

ination he appears to understand what is taught there, no questions are asked about the place where he learnt it

have been commonly taught at all and both the individual and the public would have suffered a good deal from the want of those important parts of education

The present universities of Europe were originally, the greater part of them ecclesiastical corporations, instituted for the education of churchmen They were founded by the authority of the Pope, and were so entirely under his immediate protection that their members whether masters or students, had all of them what was then called the

end of their institution either theology, or something that was merely preparatory to theology

When Christianity was first established by law, a corrupted Latin had become the common language of all the western parts of Europe The service of the church accordingly and the translation of the Bible which was read in churches were both in that corrupted Latin that is in the common language of the country After the irruption of the barbarous nations who overturned the Roman empire Latin gradually ceased to be the language of any part of Europe But the reverence of the people naturally preserves the established forms and ceremonies of religion long after the circumstances which first introduced and rendered them reasonable are no more Though Latin, therefore was no longer understood anywhere by the great body of the people, the whole service of the church still continued to be performed in that language Two different languages were thus established in Europe, in the same manner as in ancient Egypt a language of the priests and a language of the people a sacred and a profane a learned and an unlearned language But it was necessary that the priests should understand something of that sacred and learned language in which they were to officiate and the study of the Latin language therefore made from the beginning an essential part of university education

It was not so with that either of the Greek or of the Hebrew language The infallible de

authority with the Greek and Hebrew originals The knowledge of those two languages therefore not being indispensably requisite to a churchman the study of them did not

for a long time make a necessary part of the common course of university education There are some Spanish universities, I am assured, in which the study of the Greek language has never yet made any part of that course The first reformers found the Greek text of the New Testament, and even the Hebrew text of the Old more favorable to their opinions than the Vulgate translation, which, as might naturally be supposed, had been gradually accommodated to support the doctrines of the Catholic Church They set themselves, therefore, to expose the many errors of that translation, which the Roman Catholic clergy were thus put under the necessity of defending or explaining But this could not well be done without some knowledge of the original languages, of which the study was therefore gradually introduced into the greater part of universities both of those which embraced, and of those which rejected, the doctrines of the Reformation The Greek language was connected with every part of that classical learning which, though at first principally cultivated by Catholics and Italians, happened to come into fashion much about the same time that the doctrines of the Reformation were set on foot In the greater part of universities, therefore, that language was taught previous to the study of philosophy, and as soon as the student had made some progress in the Latin The Hebrew language having no connection with classical learning, and, except the Holy Scriptures, being the language of not a single book in any esteem, the study of it did not commonly commence till after that of philosophy, and when the student had entered upon the study of theology

Originally the first rudiments both of the Greek and Latin languages were taught in universities, and in some universities they still continue to be so In others it is expected that the student should have previously acquired at least the rudiments of one or both of those languages, of which the study continues to make everywhere a very considerable part of university education

The ancient Greek philosophy was divided into three great branches, physics or natural philosophy, ethics, or moral philosophy, and logic This general division seems perfectly agreeable to the nature of things

The great phenomena of nature—the revolutions of the heavenly bodies eclipses comets thunder, lightning and other extraordinary meteors the generation the life growth and dissolution of plants and animals—are objects which as they necessarily excite the wonder, so they naturally call forth the curiosity of mankind to inquire into their causes Superstition first attempted to satisfy this curiosity, by referring all those wonderful appearances to the immediate agency of the gods Philosophy afterwards endeavoured to account for them from more familiar causes, or from such as mankind were better acquainted with, than the agency of the gods As those great phenomena are the first objects of human curiosity, so the science which pretends to explain them must naturally have been the first branch of philosophy that was cultivated The first philosophers, accordingly, of whom history has preserved any account, appear to have been natural philosophers

In every age and country of the world men must have attended to the characters, designs, and actions of one another, and many reputable rules and maxims for the conduct of human life must have been laid down and approved of by common consent As soon as writing came into fashion, wise men, or those who fancied themselves such, would naturally endeavour to increase the number of those established and respected maxims, and to express their own sense of what was either proper or improper conduct, sometimes in the more artificial form of apologues, like what are called the fables of Æsop, and sometimes in the more simple one of apophthegms, or wise sayings, like the Proverbs of Solomon the verses of Theognis and Phocyllides, and some part of the works of Hesiod They might continue in this manner for a long time merely to multiply the number of those maxims of prudence and morality, without even attempting to arrange them in any very distinct or methodical order, much less to connect them together by one or more general principles from which they were all deducible, like effects from their natural causes The beauty of a systematical arrangement of different observations connected by a few common principles was first seen in the rude essays of those ancient times towards a system of natural philosophy Something of the same kind was afterwards attempted in morals The maxims of common life were arranged in some methodical order, and connected together by a few common principles in the same manner as they had attempted to arrange and connect the phenomena of nature The science which pretends to investigate and explain those connecting principles is what is properly called moral philosophy

Different authors gave different systems both of natural and moral philosophy But the arguments by which they supported those different systems for from being always demonstrations were frequently at best but very slender probabilities, and sometimes mere sophisms, which had no other foundation but the inaccuracy and ambiguity of common language Speculative systems have

in all ages of the world been adopted for rea sons too frivolous to have determined the judgment of any man of common sense in a matter of the smallest pecuniary interest Gross sophistry has scarce ever had any in fluence upon the opinions of mankind, ex cept in matters of philosophy and speculation, and in these it has frequently had the great est The patrons of each system of natural and moral philosophy naturally endeavoured to expose the weakness of the arguments adduced to support the systems which were opposite to their own In examining those ar guments they were necessarily led to con sider the difference between a probable and a demonstrative argument, between a fal lacious and a conclusive one and Logic, or the science of the general principles of good and bad reasoning necessarily arose out of the observations which a scrutiny of this kind gave occasion to Though in its origin poste *rior both to physics and* to ethics it was com monly taught, not indeed *in all* but *in* the greater part of the ancient schools of philos ophy previously to either of those sciences The student it seems to have been thought, to understand well the difference between good and bad reasoning before he was led to reason upon subjects of so great importance

This ancient division of philosophy into three parts was in the greater part of the universities of Europe changed for another into five

In the ancient philosophy whatever was taught concerning the nature either of the human mind or of the Deity made a part of the system of physics Those beings in whatever their essence might be supposed to *consist were parts of the great system of the* universe and parts too productive of the most important effects Whatever human rea son could either conclude or conjecture con cerning them made as it were two chapters though no doubt two very important ones of the science which pretended to give an account of the origin and revolutions of the great system of the universe But in the uni versities of Europe where philosophy was taught only as subservient to theology it was natural to dwell longer upon these two chap ters than upon any other of the science They were gradually more and more extended and were divided into many inferior chapters till at last the doctrine of spirits of which so little can be known came to take up as much *room in the system of philosophy as the doc*trine of bodies of which so much can be known The doctrines concerning those two subjects were considered as making two dis tinct sciences What are called Metaphysics or Pneumatics were set in opposition to Phys ics, and were cultivated not only as the more sublime, but, for the purposes of a particular profession as the more useful science of the two The proper subject of experiment and observation a subject in which a careful at tention is capable of making so many useful discoveries, was almost entirely neglected The subject in which, after a few very simple and almost obvious truths the most care ful attention can discover nothing but ob scurity and uncertainty, and can consequent ly produce nothing but subtleties and soph isms was greatly cultivated

When those two sciences had thus been set in opposition to one another, the comparison between them naturally gave birth to a third to what was called Ontology, or the science which treated of the qualities and attributes which were common to both the subjects of the other two sciences But if subtleties and sophisms composed the greater part of the Metaphysics or Pneumatics of the schools *they composed the whole of this cobweb sci ence of Ontology which was likewise some*times called Metaphysics

Wherein consisted the happiness and per fection of a man considered not only as an individual but as the member of a family of a state and of the great society of man kind was the object which the ancient moral philosophy proposed to investigate In that philosophy the duties of human life were treated as subservient to the happiness and perfection of human life But when moral as well as natural philosophy came to be taught only as subservient to theology the duties of human life were treated of as chiefly sub servient to the happiness of a life to come In the ancient philosophy the perfection of vir *tue was represented as necessarily productive* to the person who possessed it of the most perfect happiness in this life In the modern philosophy it was frequently represented as generally or rather as almost always incon sistent with any degree of happiness in this life and heaven was to be earned only by penance and mortification by the austerities and abasement of a monk not by the liberal generous and spirited conduct of a man *Cas*uistry and an ascetic morality made up, in most cases the greater part of the moral philosophy of the schools By far the most important of all the different branches of philosophy became in this manner by far the most corrupted

Such therefore was the common course of *philosophical education* in the greater part of the universities in Europe Logic was taught first Ontology came in the second place Pneumatology comprehending the doctrine concerning the nature of the human soul and of the Deity in the third in the fourth fol lowed a debased system of moral philosophy

which was considered as immediately connected with the doctrines of Pneumatology, with the immortality of the human soul and with the rewards and punishments which from the justice of the Deity, were to be expected in a life to come a short and superficial system of Physics usually concluded the course

The alterations which the universities of Europe thus introduced into the ancient course of philosophy were all meant for the education of ecclesiastics and to render it a more proper introduction to the study of theology But the additional quantity of subtlety and sophistry, the casuistry and the ascetic morality which those alterations introduced into it certainly did not render it more proper for the education of gentlemen or men of the world or more likely either to improve the understanding or to mend the heart

This course of philosophy is what still continues to be taught in the greater part of the universities of Europe with more or less diligence according as the constitution of each particular university happens to render diligence more or less necessary to the teachers In some of the richest and best endowed universities the tutors content themselves with teaching a few unconnected shreds and parcels of this corrupted course and even these they commonly teach very negligently and superficially

The improvements which in modern times, have been made in several different branches of philosophy have not the greater part of them been made in universities though some no doubt have The greater part of universities have not even been very forward to adopt those improvements after they were made and several of those learned societies have chosen to remain for a long time, the sanctuaries in which exploded systems and obsolete prejudices found shelter and protection after they had been hunted out of every other corner of the world In general the richest and best endowed universities have been the slowest in adopting those improvements and the most averse to permit any considerable change in the established plan of education Those improvements were more easily introduced into some of the poorer universities in which the teachers depending upon their reputation for the greater part of their subsistence were obliged to pay more attention to the current opinions of the world

But though the public schools and universities of Europe were originally intended only for the education of a particular profession that of churchmen and though they were not always very diligent in instructing their pupils even in the sciences which were supposed necessary for that profession yet they gradually drew to themselves the education of almost all other people particularly of almost all gentlemen and men of fortune No better method, it seems could be fallen upon of spending with any advantage, the long interval between infancy and that period of life at which men begin to apply in good earnest to the real business of the world the business which is to employ them during the remainder of their days The greater part of what is taught in schools and universities however does not seem to be the most proper preparation for that business

In England it becomes every day more and more the custom to send young people to travel in foreign countries immediately upon their leaving school, and without sending them to any university Our young people it is said generally return home much improved by their travels A young man who goes abroad at seventeen or eighteen and returns home at one and twenty returns three or four years older than he was when he went abroad and at that age it is very difficult not to improve a good deal in three or four years In the course of his travels he generally acquires some knowledge of one or two foreign languages a knowledge however which is seldom sufficient to enable him either to speak or write them with propriety In other respects he commonly returns home more conceited more unprincipled more dissipated and more incapable of any serious application either to study or to business than he could well have become in so short a time had he lived at home By travelling so very young by spending in the most frivolous dissipation the most precious years of his life at a distance from the inspection and control of his parents and relations every useful habit which the earlier parts of his education might have had some tendency to form in him instead of being riveted and confirmed is almost necessarily either weakened or effaced Nothing but the discredit into which the universities are allowing themselves to fall could ever have brought into repute so very absurd a practice as that of travelling at this early period of life By sending his son abroad a father delivers himself at least for some time from so disagreeable an object as that of a son unemployed neglected and going to ruin before his eyes

Such have been the effects of some of the modern institutions for education

Different plans and different institutions for education seem to have taken place in other ages and nations

In the republics of ancient Greece every free citizen was instructed under the direction of the public magistrate in gymnastic

exercises and in music By gymnastic exercises it was intended to harden his body, to sharpen his courage, and to prepare him for the fatigues and dangers of war; and as the Greek militia was, by all accounts, one of the best that ever was in the world, this part of their public education must have answered completely the purpose for which it was intended By the other part, music, it was proposed, at least by the philosophers and historians who have given us an account of those institutions, to humanize the mind, to soften the temper, and to dispose it for performing all the social and moral duties both of public and private life

In ancient Rome the exercises of the Campus Martius answered the same purpose as those of the Gymnasium in ancient Greece, and they seem to have answered it equally well But among the Romans there was nothing which corresponded to the musical education of the Greeks. The morals of the Romans, however both in private and public life, seem to have been not only equal, but, upon the whole, a good deal superior to those of the Greeks That they were superior in private life, we have the express testimony of Polybius and of Dionysius of Halicarnassus, two authors well acquainted with both nations and the whole tenor of the Greek and Roman history bears witness to the superiority of the public morals of the Romans The good temper and moderation of contending factions seems to be the most essential circumstances in the public morals of a free people But the factions of the Greeks were almost always violent and sanguinary whereas, till the time of the Gracchi, no blood had ever been shed in any Roman faction and from the time of the Gracchi the Roman republic may be considered as in reality dissolved Notwithstanding therefore the very respectable authority of Plato, Aristotle, and Polybius and notwithstanding the very ingenious reasons by which Mr Montesquieu endeavours to support that authority it seems probable that the musical education of the Greeks had no great effect in mending their morals, since without any such education, those of the Romans were upon the whole superior The respect of those ancient sages for the institutions of their ancestors had probably disposed them to find much political wisdom in what was perhaps merely an ancient custom, continued without interruption from the earliest period of those societies to the times in which they had arrived at a considerable degree of refinement Music and dancing are the great amusements of almost all barbarous nations, and the great accomplishments which are supposed to fit any man for entertaining his society It is so at this day among the negroes on the coast of Africa It was so among the ancient Celts, among the ancient Scandinavians, and, as we may learn from Homer, among the ancient Greeks in the times preceding the Trojan war When the Greek tribes had formed themselves into little republics, it was natural that the study of those accomplishments should, for a long time, make a part of the public and common education of the people

The masters who instructed the young people, either in music or in military exercises do not seem to have been paid or even appointed by the state, either in Rome or even in Athens, the Greek republic of whose laws and customs we are the best informed The state required that every free citizen should fit himself for defending it in war, and should upon that account, learn his military exercises But it left him to learn them of such masters as he could find, and it seems to have advanced nothing for this purpose but a public field or place of exercise in which he should practise and perform them

In the early ages both of the Greek and Roman republics, the other parts of education seem to have consisted in learning to read write, and account according to the arithmetic of the times These accomplishments the richer citizens seem frequently to have acquired at home by the assistance of some domestic pedagogue, who was generally either a slave or a freed man, and the poorer citizens, in the schools of such masters as made a trade of teaching for hire Such parts of education, however, were abandoned altogether to the care of the parents or guardians of each individual It does not appear that the state ever assumed any inspection or direction of them By a law of Solon indeed the children were acquitted from maintaining those parents in their old age who had neglected to instruct them in some profitable trade or business

In the progress of refinement when philosophy and rhetoric came into fashion, the better sort of people used to send their children to the schools of philosophers and rhetoricians in order to be instructed in these fashionable sciences But those schools were not supported by the public They were for a long time barely tolerated by it The demand for philosophy and rhetoric was for a long time so small that the first professed teachers of either could not find constant employment in any one city, but were obliged to travel about from place to place In this manner lived Zeno of Elea, Protagoras, Gorgias Hippias, and many others. As the demand increased the schools both of philosophy and rhetoric became stationary, first in Athens and afterwards in several other cities The state how

ever, seems never to have encouraged them further than by assigning some of them a particular place to teach in, which was some times done, too, by private donors The state seems to have assigned the Academy to Plato the Lyceum to Aristotle, and the Portico to Zeno of Citta, the founder of the Stoics But Epicurus bequeathed his gardens to his own school Till about *the time of Marcus Antonius*, however, no teacher appears to have had any salary from the public, or to have had any other emoluments but what arose from the honoraries or fees of his scholars The bounty which that philosophical emper

ation, and to have attended any of those schools was not necessary, in order to be permitted to practise any particular trade or profession If the opinion of their own utility could not draw scholars to them, the law neither forced anybody to go to them nor rewarded anybody for having gone to them The teachers had no jurisdiction over their pupils nor any other authority besides that natural authority, which superior virtue and abilities never fail to procure from young people towards those who are entrusted with any part of their education

At Rome, the study of the civil law made a part of the education, not of the greater part of the citizens, but of some particular families The young people, however, who wished

copied from those of some ancient Greek republics, yet law *never seems* to have grown up to be a science in any republic of ancient Greece In Rome it became a science very

numerous), could not fall very heavy upon any individual At Rome, on the contrary, the principal courts of justice consisted either of a single judge or of a small number of judges, whose characters, especially as they

endeavour to shelter themselves under the example or precedent of the judges who had sat before them, either in the same or in some

the laws of every other country where such attention has taken place The superiority of character in the Romans over that of the Greeks, so much remarked by Polybius and Dionysius of Halicarnassus, was probably more owing to the better constitution of their courts of justice than to any of the circumstances to which those authors ascribe it The Romans are said to have been particularly distinguished for their superior respect to an oath But the people who were accustomed to make oath only before some diligent and well informed court of justice would naturally be much more attentive to what they swore than they who were accustomed to do the same thing before mobbish and disorderly assemblies

The abilities, both civil and military, of the Greeks and Romans will readily be allowed to have been at least equal to those of any modern nation Our prejudice is perhaps rather to overrate them But except in what related to military exercises, the state seems to have been at no pains to form those great abilities, for I cannot be induced to believe that the musical education of the Greeks could be of much consequence in forming them Masters, however, had been found, it seems, for instructing the better sort of people among those nations in every art and science in which the circumstances of their society rendered it necessary or convenient for them to be instructed The demand for such instruction

and character to the conduct and conversation of those auditors, they appear to have been much superior to any modern teachers In modern times the diligence of public teachers is more or less corrupted by the circumstances which render them more or less independent of their success and reputation

in their particular professions. Their salaries, too, put the private teacher, who would pretend to come into competition with them, in the same state with a merchant who attempts to trade without a bounty in competition with those who trade with a considerable one. If he sells his goods at nearly the same price, he cannot have the same profit, and poverty and beggary at least, if not bankruptcy and ruin, will infallibly be his lot. If he attempts to sell them much dearer, he is likely to have so few customers that his circumstances will not be much mended. The privileges of graduation, besides, are in many countries necessary, or at least extremely convenient to most men of learned professions, that is, to the far greater part of those who have occasion for a learned education. But those privileges can be obtained only by attending the lectures of the public teachers. The most careful attendance upon the ablest instructions of any private teacher cannot always give any title to demand them. It is from these different causes that the private teacher of any of the sciences which are commonly taught in universities is in modern times generally considered as in the very lowest order of men of letters. A man of real abilities can scarce find out a more humiliating or a more unprofitable employment to turn them to. The endowments of schools and colleges have, in this manner, not only corrupted the diligence of public teachers, but have rendered it almost impossible to have any good private ones.

Were there no public institutions for education, no system, no science would be taught for which there was not some demand, or which the circumstances of the times did not render it either necessary, or convenient, or at least fashionable, to learn. A private teacher could never find his account in teaching either an exploded and antiquated system of a science acknowledged to be useful, or a science universally believed to be a mere useless and pedantic heap of sophistry and nonsense. Such systems, such sciences, can subsist nowhere but in those incorporated societies for education whose prosperity and revenue are in a great measure independent of their reputation, and altogether independent of their industry. Were there no public institutions for education, a gentleman, after going through, with application and abilities, the most complete course of education which the circumstances of the times were supposed to afford, could not come into the world completely ignorant of everything which is the common subject of conversation among gentlemen and men of the world.

There are no public institutions for the education of women, and there is accordingly nothing useless, absurd, or fantastical in the common course of their education. They are taught what their parents or guardians judge it necessary or useful for them to learn; and they are taught nothing else. Every part of their education tends evidently to some useful purpose; either to improve the natural attractions of their person, or to form their mind to reserve, to modesty, to chastity, and to economy: to render them both likely to become the mistresses of a family, and to behave properly when they have become such. In every part of her life a woman feels some conveniency or advantage from every part of her education. It seldom happens that a man, in any part of his life, derives any conveniency or advantage from some of the most laborious and troublesome parts of his education.

Ought the public, therefore, to give no attention, it may be asked, to the education of the people? Or if it ought to give any, what are the different parts of education which it ought to attend to in the different orders of the people? and in what manner ought it to attend to them?

In some cases the state of the society necessarily places the greater part of individuals in such situations as naturally form in them, without any attention of government, almost all the abilities and virtues which that state requires, or perhaps can admit of. In other cases the state of the society does not place the greater part of individuals in such situations, and some attention of government is necessary in order to prevent the almost entire corruption and degeneracy of the great body of the people.

In the progress of the division of labour, the employment of the far greater part of those who live by labour, that is, of the great body of the people, comes to be confined to a few very simple operations, frequently to one or two. But the understandings of the greater part of men are necessarily formed by their ordinary employments. The man whose whole life is spent in performing a few simple operations, of which the effects are perhaps always the same, or very nearly the same, has no occasion to exert his understanding or to exercise his invention in finding out expedients for removing difficulties which never occur. He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become. The torpor of his mind renders him not only incapable of relishing or bearing a part in any rational conversation, but of conceiving any generous, noble, or tender sentiment, and consequently of forming any just judgment concerning many even of the ordinary duties of private life. Of the great and extensive in-

terests of his country he is altogether incapable of judging, and unless very particular pains have been taken to render him otherwise he is equally incapable of defending his country in war The uniformity of his station

his body, and renders him incapable of exerting his strength with vigour and perseverance in any other employment than that to which he has been bred His dexterity at his own particular trade seems in this manner, to be acquired at the expense of his intellectual social, and martial virtues But in every improved and civilised society this is the state into which the labouring poor that is the great body of the people, must necessarily fall unless government takes some pains to prevent it

It is otherwise in the barbarous societies as they are commonly called, of hunters of *shepherds and even of husbandmen* in that rude state of husbandry which precedes the improvement of manufactures and the extension of foreign commerce In such societies the varied occupations of every man oblige every man to exert his capacity and

people In those barbarous societies as they are called every man it has already been observed is a warrior Every man, too is in some measure a statesman and can form a tolerable judgment concerning the interest of the society and the conduct of those who govern it How far their chiefs are good judges in peace or good leaders in war is obvious to the observation of almost every single man among them In such a society indeed no man can well acquire that improved and refined understanding which a few men sometimes possess in a more civilised state Though in a rude society there is a good deal of variety in the occupations of every individual,

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genuity and invention but scarce any man has a great degree The degree however which is commonly possessed is generally sufficient for conducting the whole simple business of the society In a civilised state on the contrary though there is little variety in the occupations of the greater part of individuals, there is an almost infinite variety in those of the whole society These varied occupations present an almost infinite variety of objects to the contemplation of those few, who being attached to no particular occupation themselves have leisure and inclination to examine the occupations of other people The contemplation of so great a variety of objects necessarily exercises their minds in endless comparisons and combinations and

ernment or happiness of their society Notwithstanding the great abilities of those few, all the nobler parts of the human character may be, in a great measure, obliterated and

that of people of some rank and fortune People of some rank and fortune are generally eighteen or nineteen years of age before they enter upon that particular business, profession, or trade, by which they propose to distinguish themselves in the world They have before that full time to acquire, or at least to

those of the common people simple and uniform They are almost all of them extremely complicated and such as exercise the head more than the hands The understandings of those who are engaged in such employments can seldom grow torpid for want of exercise The employments of people of some rank and fortune besides are seldom such as harass

they may have laid the foundation or for which they may have acquired some taste in the earlier part of life.

It is otherwise with the common people. They have little time to spare for education. Their parents can scarce afford to maintain them even in infancy. As soon as they are able to work they must apply to some trade by which they can earn their subsistence. That trade too, is generally so simple and uniform as to give little exercise to the understanding while at the same time their labour is both so constant and so severe that it leaves them little leisure and less inclination to apply to or even to think of anything else.

But though the common people cannot, in any civilised society be so well instructed as people of some rank and fortune the most essential parts of education however to read write and account can be acquired at so early a period of life that the greater part even of those who are to be bred to the lowest occupations have time to acquire them before they can be employed in those occupations. For a very small expense the public can facilitate can encourage and can even impose upon almost the whole body of the people the necessity of acquiring those most essential parts of education.

The public can facilitate this acquisition by establishing in every parish or district a little school where children may be taught for a reward so moderate that even a common labourer may afford it the master being partly but not wholly paid by the public because if he was wholly or even principally paid by it, he would soon learn to neglect his business. In Scotland the establishment of such parish schools has taught almost the whole common people to read and a very great proportion of them to write and account. In England the establishment of charity schools has had an effect of the same kind though not so universally because the establishment is not so universal. If in those little schools the books, by which the children are taught to read were a little more instructive than they commonly are and if instead of a little smattering of Latin which the children of the common people are sometimes taught there and which can scarce ever be of any use to them they were instructed in the elementary parts of geometry and mechanics, the literary education of this rank of people would perhaps be as complete as it can be. There is scarce a common trade which does not afford some opportunities of applying to it the principles of geometry and mechanics and which would not therefore gradually exercise and improve the common people in those principles the necessary introduction to the most sublime as well as to the most useful sciences.

The public can encourage the acquisition of those most essential parts of education by giving small premiums, and little badges of distinction to the children of the common people who excel in them.

The public can impose upon almost the whole body of the people the necessity of acquiring those most essential parts of education by obliging every man to undergo an examination or probation in them before he can obtain the freedom in any corporation, or be allowed to set up any trade either in a village or town corporate.

It was in this manner, by facilitating the acquisition of their military and gymnastic exercises, by encouraging it, and even by im- [illegible] the whole body of the people the [illegible] the [illegible] the [illegible] They [illegible] es by [illegible] and *practising them and of* [illegible] ertain masters the privilege of teaching in that place. Those masters do not appear to have had either salaries or exclusive privileges of any kind. Their reward consisted altogether in what they got from their scholars; and a citizen who had learnt his exercises in the public gymnasia had no sort of legal advantage over one who had learnt them privately provided the latter had learnt them equally well. Those republics encouraged the acquisition of those exercises by bestowing little premiums and badges of distinction upon those who excelled in them. To have gained a prize in the Olympic Isthmian or Nemæan games, gave illustration not only to the person who gained it, but to his whole family and kindred. The obligation which every citizen was under to serve a certain number of years, if called upon in the armies of the republic sufficiently imposed the necessity of learning those exercises without which he could not be fit for that service.

That in the progress of improvement the practice of military exercises, unless government takes proper pains to support it, goes gradually to decay and together with it the martial spirit of the great body of the people the example of modern Europe sufficiently demonstrates. But the security of every society must always depend more or less upon the martial spirit of the great body of the people. In the present times, indeed that martial spirit alone and unsupported by a well-disciplined standing army would not perhaps be sufficient for the defence and security of any society. But where every citizen had the spirit of a soldier a smaller standing army would surely be requisite. That spirit besides would necessarily diminish very much the

Rome seem to have been much more effectual

selves, and it required little or no attention from government to maintain them in the most perfect vigour Whereas to maintain, *even in tolerable execution the complex regu* lations of any modern militia, requires the continual and painful attention of govern ment, without which they are constantly falling into total neglect and disuse The influence, besides, of the ancient institutions was much more universal By means of them the whole body of the people was completely in structed in the use of arms Whereas it is but a very small part of them who can ever be so instructed by the regulations of any modern militia except, perhaps, that of Switzerland

most essential members, or has lost the use of them He is evidently the more wretched

tire state of the mind than upon that of the

from spreading themselves through the great

body of the people, would still deserve the most serious attention of government in the same manner as it would deserve its most

public good might result from such attention besides the prevention of so great a public evil

The same thing may be said of the gross ignorance and stupidity which, in a civilised society seem so frequently to benumb the understandings of all the inferior ranks of

more essential part of the character of human nature Though the state was to derive no

feel themselves, each individually, more respectable and more likely to obtain the re spect of their lawful superiors, and they are therefore more disposed to respect those su periors They are more disposed to examine, and more capable of seeing through the inter ested complaints of faction and sedition, and they are upon that account less apt to be misled into any wanton or unnecessary opposition to the measures of government In free countries where the safety of government

Article III

Of the Expense of the Institutions for the Instruction of People of all Ages

untary contributions of their hearers or they may derive it from some other fund to which the law of their country may entitle them,

lished systems of which the clergy, reposing themselves upon their benefices, had neglected to keep up the fervour of faith and devotion in the great body of the people; and having given themselves up to indolence, were become altogether incapable of making any vigorous exertion in defence even of their own establishment. The clergy of an established and well-endowed religion frequently become men of learning and elegance, who possess all the virtues of gentlemen, or which can recommend them to the esteem of gentlemen; but they are apt gradually to lose the qualities, *both good and bad, which gave them authority* and influence with the inferior ranks of people, and which had perhaps been the original causes of the success and establishment of their religion. Such a clergy, when attacked by a set of popular and bold, though perhaps stupid and ignorant enthusiasts, feel themselves as perfectly defenceless as the indolent, effeminate, and full-fed nations of the southern parts of Asia when they were invaded by the active, hardy, and hungry Tartars of the North. Such a clergy, upon such an emergency, have commonly no other resource than to call upon the civil magistrate to persecute, destroy, or drive out their adversaries, as disturbers *of the public peace. It was thus that the* Roman Catholic clergy called upon the civil magistrates to persecute the Protestants; and the Church of England to persecute the Dissenters; and that in general every religious sect, when it has once enjoyed for a century or two the security of a legal establishment, has found itself incapable of making any vigorous defence against any new sect which chose to attack its doctrine or discipline. Upon such occasions the advantage, in point of learning and good writing, may sometimes be on the side of the established church. But the arts of popularity, all the arts of gaining proselytes, are constantly on the side of its adversaries. In England those arts have been long neglected by the well-endowed clergy of the established church, and are at present chiefly cultivated by the Dissenters and by the Methodists. The independent provisions, however, which in many places have been made for dissenting teachers by means of voluntary subscriptions, of trust rights, and other evasions of the law, seem very much to have abated the zeal and activity of those teachers. They have many of them become very learned, ingenious, and respectable men; but they have in general ceased to be very popular preachers. The Methodists, without half the learning of the Dissenters, are much more in vogue.

In the Church of Rome, the industry and zeal of the inferior clergy are kept more alive by the powerful motive of self-interest than perhaps in any established Protestant church. The parochial clergy derive many of them, a very considerable part of their subsistence from the voluntary oblations of the people; a source of revenue which confession gives them many opportunities of improving. The mendicant orders derive their whole subsistence from such oblations. It is with them as with the hussars and light infantry of some armies, no plunder, no pay. The parochial clergy are like those teachers whose reward depends partly upon their salary, and partly *upon the fees or honoraries which they get* from their pupils, and these must always depend more or less upon their industry and reputation. The mendicant orders are like those teachers whose subsistence depends altogether upon the industry. They are obliged, therefore, to use every art which can animate the devotion of the common people. The establishment of the two great mendicant orders of St. Dominic and St. Francis, it is observed by Machiavel, revived in the thirteenth and fourteenth centuries, the languishing faith and devotion of the Catholic Church. In Roman Catholic countries the spirit of devotion is supported altogether by the monks and by the poorer parochial clergy. The great dignitaries of the church, with all the accomplishments of gentlemen and men of the world, and sometimes with those of men of learning, are careful enough to maintain the necessary discipline over their inferiors, but seldom give themselves any trouble about the instruction of the people.

"Most of the arts and professions in a state," says by *far the most illustrious philosopher* and historian of the present age, "are of such a nature that, while they promote the interests of the society, they are also useful or agreeable to some individuals; and in that case the constant rule of the magistrate, except perhaps on the first introduction of any art, is to leave the profession to itself, and trust its encouragement to the individuals who reap the benefit of it. The artisans, *finding their profits to rise by the favour of the* customers, increase as much as possible their skill and industry; and as matters are not disturbed by any injudicious tampering, the commodity is always sure to be at all times nearly proportioned to the demand.

"But there are also some callings which, though useful and even necessary in a state, bring no advantage or pleasure to any individual; and the supreme power is obliged to alter its conduct with regard to the retainers of those professions. It must give them public encouragement in order to their subsistence; and it must provide against that negligence to which they will naturally be

are attached to their doctrines and who find benefit or consolation from their spiritual ministry and assistance Their industry and

daily increase from their increasing practice,

adopted that best suits the disorderly affec

dearly paid for his pretended frugality, in saving a fixed establishment for the priests and that in reality the most decent and advantageous composition which he can make with the spiritual guides is to bribe their

society

But whatever may have been the good or bad effects of the independent provision of the clergy it has perhaps been very seldom bestowed upon them from any view to those effects Times of violent religious controversy have generally been times of equally violent

political faction Upon such occasions, each

But this could be done only by adopting or at least by favouring the tenets of that particular sect The sect which had the good fortune to be leagued with the conquering party necessarily shared in the victory of its

magistrate to respect their opinions and inclinations Their first demand was generally that he should silence and subdue all their adversaries and their second that he should bestow an independent provision on themselves As they had generally contributed a good deal to the victory, it seemed not unreasonable that they should have some share in the spoil They were weary, besides, of

comply with this demand only by giving them something which he would have chosen much rather to take, or to keep to himself, was seldom very forward to grant it He

those of another when it had gained the

disciples But as every

have felt himself under the same necessity, the success of no one teacher, or sect of teachers could have been very great The interested and active zeal of religious teachers can be dangerous and troublesome only where there is either but one sect tolerated in the society or where the whole of a large society is divided into two or three great sects the teachers of each acting by concert, and under a regular discipline and subordination But that zeal must be altogether innocent where the society is divided into two or three hun-

[illegible]

than friends would be obliged to learn that candour and moderation which is so seldom to be found among the teachers of those great sects whose tenets, being supported by the civil magistrate, are held in veneration by almost all the inhabitants of extensive king doms and empires, and who therefore see nothing round them but followers, disciples, and humble admirers The teachers of each little sect, finding themselves almost alone, would be obliged to respect those of almost every other sect, and the concessions which they would mutually find it both convenient and agreeable to make to one another, might in time probably reduce the doctrine of the

[illegible]

established but such as positive law has

[illegible]

government, was what the sect called Independents a sect no doubt of very wild enthusiasts proposed to establish in England towards the end of the civil war If it had been established though of a very unphilosophical origin, it would probably by this time have been productive of the most philosophical good temper and moderation with regard to every sort of religious principle It has been established in Pennsylvania where, though the Quakers happen to be the most numerous, the law in reality favours no one

[illegible]

part of the religious sects of a particular country, yet provided those sects were sufficiently numerous and each of them consequently too small to disturb the public tranquillity, the excessive zeal of each for its particular tenets could not well be pro-

[illegible]

subdivide themselves fast enough so as soon to become sufficiently numerous

In every civilised society, in every society where the distinction of ranks has once been completely established, there have been always two different schemes or systems of morality current at the same time of which the one may be called the strict or austere the other the liberal, or, if you will the loose system The former is generally admired and revered by the common people the latter is commonly more esteemed and adopted by what are called people of fashion The degree of disapprobation with which we ought to mark the vices of levity, the vices which are apt to arise from great prosperity, and from the excess of gaiety and good humour, seems to constitute the principal distinction between those two opposite schemes or systems In the liberal or loose system luxury, wanton and even disorderly mirth, the pursuit of pleasure to some degree of intemperance, the breach of chastity, at least in one of the two sexes, etc, provided they are not accompanied with

[illegible]

regarded with the utmost abhorrence and detestation The vices of levity are always ruinous to the common people, and a single week's thoughtlessness and dissipation is often sufficient to undo a poor workman for ever

[illegible]

perience tells them are so [illegible] to people of their condition The disorder and extravagance of several years on the contrary, will not always ruin a man of fashion and people of that rank are very apt to consider the power of indulging in some degree of excess as one of the advantages of their fortune and the liberty of doing so without censure or reproach as one of the privileges which belong to their station In people of their own station therefore they

the common people, from whom they have

few exceptions, for there have been some It was the system by which they could best recommend themselves to that order of people to whom they first proposed their plan of reformation upon what had been before established Many of them, perhaps the greater

frequently recommended them more than anything else to the respect and veneration of the common people

part of it himself His authority and consideration depend very much upon the respect

mains in a country village his conduct may be attended to, and he may be obliged to attend to it himself In this situation, and in this situation only, he may have what is called a character to lose But as soon as he comes into a great city he is sunk in obscurity and darkness His conduct is observed and at-

credit of the sect, interested to observe his conduct, and if he gives occasion to any

ligious sects, accordingly, the morals of the common people have been almost always remarkably regular and orderly, generally

There are two very easy and effectual remedies, however, by whose joint operation the state might, without violence, correct whatever was unsocial or disagreeably rigor-

the superior ranks of people were secured from it, the inferior ranks could not be much exposed to it

The second of those remedies is the frequency and gaiety of public diversions The

that melancholy and gloomy humour which

was fittest for their purpose, or which they could best work upon Dramatic representations, besides, frequently exposing their arti-

have felt himself under the same necessity, the success of no one teacher, or sect of teachers, could have been very great. The interested and active zeal of religious teachers can be dangerous and troublesome only where there is either but one sect tolerated in the society, or where the whole of a large society is divided into two or three great sects; the teachers of each acting by concert, and under a regular discipline and subordination. But that zeal must be altogether innocent where the society is divided into two or three hundred, or perhaps into as many thousand small sects, of which no one could be considerable [illegible]

[illegible] than friends, would be obliged to learn that candour and moderation which is so seldom to be found among the teachers of those great sects whose tenets, being supported by the civil magistrate, are held in veneration by almost all the inhabitants of extensive kingdoms and empires, and who therefore see nothing round them but followers, disciples, and humble admirers. The teachers of each little sect, finding themselves almost alone, would be obliged to respect those of almost every other sect, and the concessions which they would mutually find it both convenient and agreeable to make to one another, might in time probably reduce the doctrine of the greater part of them to that pure and rational religion, free from every mixture of absurdity, imposture, or fanaticism, such as wise men have in all ages of the world wished to see established; but such as positive law has perhaps never yet established, and probably never will establish, in any country: because, with regard to religion, positive law always has been, and probably always will be, more or less influenced by popular superstition and enthusiasm. This plan of ecclesiastical government, or more properly of no ecclesiastical government, was what the sect called Independents, a sect no doubt of very wild enthusiasts, proposed to establish in England towards the end of the civil war. If it had been established, though of a very unphilosophical origin, it would probably by this time have been productive of the most philosophical good temper and moderation with regard to every sort of religious principle. It has been established in Pennsylvania, where, though the Quakers happen to be the most numerous, the law in reality favours no one [illegible]

[illegible] part of the religious sects of a particular country, yet provided those sects were sufficiently numerous, and each of them consequently too small to disturb the public tranquillity, the excessive zeal of each for its particular tenets could not well be pro- [illegible]

[illegible] subdivide themselves fast enough so as soon to become sufficiently numerous.

In every civilised society, in every society where the distinction of ranks has once been completely established, there have been always two different schemes or systems of morality current at the same time; of which the one may be called the strict or austere; the other the liberal, or, if you will, the loose system. The former is generally admired and revered by the common people: the latter is commonly more esteemed and adopted by what are called people of fashion. The degree of disapprobation with which we ought to mark the vices of levity, the vices which are apt to arise from great prosperity, and from the excess of gaiety and good humour, seems to constitute the principal distinction between those two opposite schemes or systems. In the liberal or loose system, luxury, wanton and [illegible] of pleasure [illegible]

[illegible] cused or pardoned altogether. In the austere system, on the contrary, those excesses are regarded with the utmost abhorrence and detestation. The vices of levity are always ruinous to the common people, and a single week's thoughtlessness and dissipation is often sufficient to undo a poor workman for ever, and to drive him through despair upon com- [illegible] The wiser [illegible]

[illegible] perience tells them are so immediately fatal to people of their condition. The disorder and extravagance of several years, on the contrary, will not always ruin a man of fashion, and people of that rank are very apt to consider the power of indulging in some degree of excess as one of the advantages of their fortune, and the liberty of doing so without censure or reproach as one of the privileges which belong to their station. In people of their own station, therefore, they

therefore ten times more troublesome and dangerous, than they had been before Fear is in almost all cases a wretched instrument of government, and ought in particular never to be employed against any order of men who have the smallest pretensions to independ ency To attempt to terrify them serves only to irritate their bad humour and to confirm them in an opposition which more gentle

succeeded The means commonly employed, however, the imprisonment of all the refrac tory members, one would think were forcible enough The princes of the house of Stewart sometimes employed the like means in order to influence some of the members of the Parliament of England and they generally

ago upon the Parliament of Paris demon strated sufficiently that all the parliaments of France might have been managed still more easily in the same manner That ex periment was not pursued For though man agement and persuasion are always the easiest and the safest instruments of governments as force and violence are the worst and the most dangerous yet such it seems is the natural insolence of man that he almost always dis dains to use the good instrument except when he cannot or dare not use the bad one The French government could and durst use force, and therefore disdained to use manage ment and persuasion But there is no order of men it appears I believe from the ex perience of all ages upon whom it is so dangerous or rather so perfectly ruinous to employ force and violence as upon the re

most despotic governments more respected than those of any other person of nearly equal rank and fortune It is so in every gradation of despotism, from that of the gentle and mild government of Paris to that of the violent and furious government of Constan tinople But though this order of men can scarce ever be forced, they may be managed as easily as any other; and the security of the sovereign as well as the public tranquil lity, seems to depend very much upon the means which he has of managing them and those means seem to consist altogether in the

preferment which he has to bestow upon them

not long retain their right of election and while they did retain it they almost always acted under the influence of the clergy, who in such spiritual matters appeared to be their natural guides The clergy, however, soon

All the inferior ecclesiastical benefices com prehended within the diocese were collated by the bishop who bestowed them upon such ecclesiastics as he thought proper All church preferments were in this manner in the dis-

The ambition of every clergyman naturally led him to pay court not so much to his sovereign as to his own order from which only he could expect preferment

Through the greater part of Europe the Pope gradually drew to himself first the col

and seconded by all the other detachments quartered in the different countries round about Each detachment was not only in dependent of the sovereign of the country in which it was quartered and by which it was maintained but dependent upon a foreign sovereign who could at any time arms against the sovereign of that country and support them by all the other detachments

Those arms were the most formidable that can well be imagined. In the ancient state of Europe, before the establishment of arts and manufactures, the wealth of the clergy gave them the same sort of influence over the common people which that of the great barons gave them over their respective vassals, tenants, and retainers. In the great landed estates which the mistaken piety both of princes and private persons had bestowed upon the church, jurisdictions were established of the same kind with those of the great barons, and for the same reason. In those great landed estates, the clergy, or their bailiffs, could easily keep the peace without the support or assistance either of the king or of any other person; and neither the king nor any other person could keep the peace there without the support and assistance of the clergy. The jurisdictions of the clergy, therefore, in their particular baronies or manors, were equally independent, and equally exclusive of the authority of the king's courts, as those of the great temporal lords. The tenants of the clergy were like those of the great barons, almost all tenants at will, entirely dependent upon their immediate lords, and therefore liable to be called out at pleasure in order to fight in any quarrel in which the clergy might think proper to engage them. Over and above the rents of those estates, the clergy possessed, in the tithes, a very large portion of the rents of all the other estates in every kingdom of Europe. The revenues arising from both those species of rents were, the greater part of them, paid in kind, in corn, wine, cattle, poultry, etc. The quantity exceeded greatly what the clergy could themselves consume; and there were neither arts nor manufactures for the produce of which they could exchange the surplus. The clergy could derive advantage from this immense surplus in no other way than by employing it, as the great barons employed the like surplus of their revenues, in the most profuse hospitality, and in the most extensive charity. Both the hospitality and the charity of the ancient clergy, accordingly, are said to have been very great. They not only maintained almost the whole poor of every kingdom, but many knights and gentlemen had frequently no other means of subsistence than by travelling about from monastery to monastery, under pretence of devotion, but in reality to enjoy the hospitality of the clergy. The retainers of some particular prelates were often as numerous as those of the greatest lay lords; and the retainers of all the clergy taken together were, perhaps, more numerous than those of all the lay lords. There was always much more union among the clergy than among the lay lords. The former were under a regular discipline and subordination to the papal authority. The latter were under no regular discipline or subordination, but almost always equally jealous of one another, and of the king. Though the tenants and retainers of the clergy, therefore, had both together been less numerous than those of the great lay lords, and their tenants were probably much less numerous, yet their union would have rendered them more formidable. The hospitality and charity of the clergy, too, not only gave them the command of a great temporal force, but increased very much the weight of their spiritual weapons. Those virtues procured them the highest respect and veneration among all the inferior ranks of people, of whom many were constantly, and almost all occasionally, fed by them. Everything belonging or related to so popular an order, its possessions, its privileges, its doctrines, necessarily appeared sacred in the eyes of the common people, and every violation of them, whether real or pretended, the highest act of sacrilegious wickedness and profaneness. In this state of things, if the sovereign frequently found it difficult to resist the confederacy of a few of the great nobility, we cannot wonder that he should find it still more so to resist the united force of the clergy of his own dominions, supported by that of the clergy of all the neighbouring dominions. In such circumstances the wonder is, not that he was sometimes obliged to yield, but that he ever was able to resist.

The privileges of the clergy in those ancient times (which to us who live in the present times appear the most absurd), their total exemption from the secular jurisdiction, for example, or what in England was called the benefit of the clergy, were the natural or rather the necessary consequences of this state of things. How dangerous must it have been for the sovereign to attempt to punish a clergyman for any crime whatever, if his own order were disposed to protect him, and to represent either the proof as insufficient for convicting so holy a man, or the punishment as too severe to be inflicted upon one whose person had been rendered sacred by religion? The sovereign could, in such circumstances, do no better than leave him to be tried by the ecclesiastical courts, who, for the honour of their own order, were interested to restrain, as much as possible, every member of it from committing enormous crimes, or even from giving occasion to such gross scandal as might disgust the minds of the people.

In the state in which things were through the greater part of Europe during the tenth, eleventh, twelfth, and thirteenth centuries, and for some time both before and after that period, the constitution of the *Church* of

Rome may be considered as the most formidable combination that ever was formed against the authority and security of civil government, as well as against the liberty,

in such a manner by the private interests of so great a number of people as put them out of all danger from any assault of human reason because though human reason might perhaps have been able to unveil, even to the eyes of the common people some of the delusions of superstition, it could never have dissolved the ties of private interest Had this constitution been attacked by no other enemies but the feeble efforts of human reason, it must have endured for ever But that immense and well built fabric, which all the wisdom and virtue of man could never have shaken, much less have overturned, was by the natural course of things, first weakened, and afterwards in part destroyed, and is now likely, in the course of a few centuries more, perhaps, to crumble into ruins altogether

The gradual improvements of arts, manufactures, and commerce, the same causes which destroyed the power of the great barons destroyed in the same manner, through the greater part of Europe the whole temporal power of the clergy In the produce of arts, manufactures, and commerce, the clergy, like the great barons, found something for which they could exchange their rude produce, and thereby discovered the means of spending their whole revenues upon their own persons without giving any considerable share of them to other people Their charity became *gradually less extensive their hospitality less* liberal or less profuse Their retainers became consequently less numerous, and by degrees dwindled away altogether The clergy too,

granting leases to their tenants, who thereby became in a great measure independent of them The ties of interest which bound the

people to the great barons because the benefices of the church being the greater part of them much smaller than the estates of the great barons, the possessor of each benefice was much sooner able to spend the whole of its revenue upon his own person During the greater part of the fourteenth and fifteenth centuries the power of the great barons was, through the greater part of Europe, in full vigour But the temporal power of the clergy, the absolute command which they had once had *over the great body of the people*, was very much decayed The power of the church was by that time very nearly reduced through the greater part of Europe to what arose from her spiritual authority, and even that spiritual

the contrary, they were provoked and disgusted by the vanity, luxury, and expense of the richer clergy, who appeared to spend upon their own pleasures what had always before

chapters of each diocese the restoration of

be free he had, however, all the indirect

Europe But the power of the pope in the collation of the great benefices of the church

called the consistorial, benefices of the Gallican Church

Since the establishment of the Pragmatic Sanction and of the Concordat, the clergy of France have in general shown less the decrees of the papal court than of any other Catholic country putes which their sovereign pope, they have almost

party with the former This independency of the clergy of France upon the court of Rome seems to be principally founded upon the Pragmatic Sanction and the Concordat In the earlier periods of the monarchy the clergy of France appear to have been as much devoted to the pope as those of any other country When Robert the second prince of the Capetian race was most unjustly excommunicated by the court of Rome his own servants it is said threw the victuals which came from his table to the dogs and refused [illegible]

[illegible]

own dominions

The claim of collating to the great benefices of the church a claim in defence of which the court of Rome had frequently shaken and sometimes overturned the thrones of some of the greatest sovereigns in Christendom was in this manner either restrained or modified or given up altogether in many different parts of Europe even before the time of the Reformation As the clergy had now less influence over the people so the state had more influence over the clergy The clergy therefore had both less power and less inclination to disturb the state

The authority of the Church of Rome was in this state of declension when the disputes which gave birth to the Reformation began in Germany and soon spread themselves through every part of Europe The new doctrines were everywhere received with a high degree of popular favour They were propagated with all that enthusiastic zeal which commonly animates the spirit of party when it attacks established authority The teachers of those doctrines though perhaps in other respects not more learned than many of the divines who defended the established church seem in general to have been better acquainted with ecclesiastical history and with the origin and progress of that system of opinions upon which the authority of the church was established and they had thereby some advantage in almost every dispute The austerity of their manners gave them authority with the common people who contrasted the strict regularity of their conduct with the disorderly lives of the greater part of their own clergy They possessed too in a much higher degree than their adversaries all the arts of popularity and of gaining proselytes arts which the lofty and dignified sons of the church had long neglected as being to them [illegible]

er number, but the zealous passionate and fanatical, though frequently coarse and rustic, eloquence with which they were almost everywhere inculcated, recommended them to by far the greatest number

The success of the new doctrines was almost everywhere so great that the princes who at that time happened to be on bad terms with the court of Rome were by means of them easily enabled in their own dominions to overturn the church, which, having lost the respect and veneration of the inferior ranks of people could make scarce any resistance The court of Rome had disobliged some of the smaller princes in the northern parts of Germany whom it had probably considered as too insignificant to be worth the managing They universally, therefore established the Reformation in their own dominions. The tyranny of Christian II and of Troll Archbishop of Upsala enabled Gustavus Vasa to expel them both from Sweden The pope favoured the tyrant and the archbishop and Gustavus Vasa found no difficulty in establishing the Reformation in Sweden Christian II was afterwards deposed from the throne [illegible] rendered

[illegible] and the

throne in his stead revenged himself by following the example of Gustavus Vasa. The magistrates of Berne and Zurich who had no particular quarrel with the pope established with great ease the Reformation in their respective cantons where just before some of the clergy had by an imposture somewhat grosser than ordinary, rendered the whole order both odious and contemptible

In this critical situation of its affairs, the papal court was at sufficient pains to cultivate the friendship of the powerful sovereigns of France and Spain of whom the latter was at that time Emperor of Germany With their assistance it was enabled though not without great difficulty and much bloodshed either to suppress altogether or to obstruct very much the progress of the Reformation in their dominions It was well enough inclined too to be complaisant to the King of England But from the circumstances of the times it could not be so without giving offence to a still greater sovereign Charles V, King of Spain and Emperor of Germany Henry VIII accordingly though he did not embrace himself the greater part of the doctrines of the Reformation was yet enabled by their general prevalence to suppress all [illegible] authority

[illegible] inions [illegible] ent no [illegible] patrons

of the Reformation, who having got possession of the government in the reign of his son and successor completed without any difficulty the work which Henry VIII had begun

In some countries, as in Scotland, where the government was weak, unpopular and not very firmly established the Reformation was strong enough to overturn, not only the church, but the state likewise for attempting to support the church

Among the followers of the Reformation dispersed in all the different countries of

mation in one country therefore happened to differ from their brethren in another as

real head of the church and without depriving the bishop of the right of collating to the smaller benefices within his diocese they, even to those benefices, not only admitted, but favoured the right of presentation both in the sovereign and in all other lay patrons This system of church government was from the beginning favourable to peace and good order, and to submission to the civil sov

selves to the sovereign to the court and to the nobility and gentry of the country by whose influence they chiefly expect to obtain preferment They pay court to those patrons sometimes, no doubt, by the vilest flattery and assentation but frequently, too by cultivating all those arts which best deserve and which are therefore most likely to gain them the esteem of people of rank and fortune by their knowledge in all the different branches of useful and ornamental learning by the decent liberality of their manners by the social good humour of their conversation and by their avowed contempt of those absurd and hypocritical austerities which fanatics inculcate and pretend to practise, in order to draw upon themselves the veneration and upon the greater part of men of rank and fortune who avow that they do not practise them the abhorrence of the common people Such a clergy however while they pay their court in this manner to the higher ranks of life, are very apt to neglect altogether the means of maintaining their influence and authority with the lower They are listened to esteemed and respected by their superiors but before their inferiors they are frequently incapable of defending effectually and to the conviction of such hearers their own sober

upon the people of each parish whenever the church became vacant the right of electing

people The latter part seems never to have had any effects but what were perfectly agreeable

As long as the people of each parish pre

popular elections became or affected to be come many of them fanatics themselves

fore the magistrate very soon found it necessary, for the sake of preserving the public peace to assume to himself the right of presenting to all vacant benefices In Scotland, the most extensive country in which this

the reign of William III That act at least put it in the power of certain classes of people in each parish to purchase for a very small price the right of electing their own pastor The constitution which this act established was allowed to subsist for about two-and twenty years, but was abolished by *the 10th of Queen Anne c 12, on account* of the confusions and disorders which this more popular mode of election had almost everywhere occasioned In so extensive a country as Scotland however a tumult in a remote parish was not so likely to give dis

the person presented by the patron yet the church requires sometimes (for she has not in this respect been very uniform in her decisions) a certain concurrence of the people before she will confer upon the presentee what is called the cure of souls or the ecclesiastical jurisdiction in the parish She *sometimes at least from an affected concern* for the peace of the parish delays the settlement till this concurrence can be procured

order to enable them upon such occasions to tamper more effectually are perhaps the causes which principally keep up whatever remains of the old fanatical spirit either in the clergy or in the people of Scotland

The equality which the Presbyterian form of church government establishes among the clergy, consists first in the equality of authority or ecclesiastical jurisdiction and secondly in the equality of benefice In all Presbyterian churches the equality of authority is perfect that of benefice is not so

vile arts of flattery and assentation in order to get a better In all the Presbyterian *churches, where the rights of patronage are* thoroughly established, it is by nobler and better arts that the established clergy in general endeavour to gain the favour of their

apt to construe into ingratitude for past favours *but which at worst, perhaps,* is seldom any more than that indifference which naturally arises from the consciousness that no further favours of the kind are ever to be expected There is scarce perhaps to be found

... can be very great, and

of morals which the common people ...

common people look upon him with that kindness with which we naturally regard one who approaches somewhat to our own con*dition but who we think*, ought to be in a higher Their kindness naturally provokes his kindness He becomes careful to instruct

to him and never treats them with those *contemptuous* and *arrogant airs* which we so often meet with in the proud dignitaries of opulent and well-endowed churches The Presbyterian clergy, accordingly have more influence over the minds of the common people than perhaps the clergy of any other established church It is accordingly in Presbyterian countries only that we ever find the common people converted without persecution completely, and almost to a man to the established church

In countries where church benefices are the greater part of them very moderate a chair in a university is generally a better establishment than a church benefice The universities have in this case, the picking and choos-

ing of their members from all the churchmen of the country, who, in every country, constitute by far the most numerous class of men of letters Where church benefices, on the contrary, are many of them very considerable, the church naturally draws from the universities the greater part of their eminent men of letters, who generally find some patron who does himself honour by procuring them church preferment In the former situation we are likely to find the universities filled with the most eminent men of letters that are to be found in the country. In the latter we are likely to find few eminent men

enough to be of much use to it It is observed by Mr. de Voltaire, that Father Porrée, a Jesuit of no great eminence in the republic of letters, was the only professor they had ever had in France whose works were worth the reading In a country which has produced so many eminent men of letters, it must appear somewhat singular that scarce one of them should have been a professor in a university The famous Gassendi was, in the beginning of his life, a professor in the University of Aix Upon the first dawning of his genius, it was represented to him that by

very rarely find, in any of them, an eminent man of letters who is a professor in a university, except, perhaps, in the professions of law and physic, professions from which the church is not so likely to draw them After the Church of Rome, that of England is by far the richest and best endowed church in Christendom In England, accordingly, the church is continually draining the universities of all their best and ablest members and an old college tutor, who is known and distinguished in Europe as an eminent man of letters, is as rarely to be found there as in any Roman Catholic country In Geneva, on the contrary, in the Protestant cantons of Switzerland, in the Protestant countries of Germany, in Holland, in Scotland, in Sweden, and Denmark, the most eminent men of letters whom those countries have produced,

nent men of letters.

It may, perhaps, be worth while to remark that, if we expect the poets, a few orators, and a few historians, the far greater part of the other eminent men of letters, both of Greece and Rome, appear to have been either public or private teachers, generally either of philosophy or of rhetoric This remark will be found to hold true from the days of Lysias and Isocrates, of Plato and Aristotle, down to those of Plutarch and Epictetus, of Suetonius and Quintilian To impose upon any man the necessity of teaching, year after year, any particular branch of science, seems,

an opinion one year, when he comes in the course of his lectures to reconsider the same subject the year thereafter, he is very likely to correct it As to be a teacher of science is certainly the natural employment of a mere

most useful to the public, and, at the same time, to give them the best education, per-

such parts of it excepted as may arise from particular lands or manors, is a branch, it

proprietors of land to contribute so largely towards the defence of the state as they otherwise might be able to do The rent of land, however, is, according to some, the sole fund, and, according to others, the principal fund, from which, in all great monarchies,

a certain maxim that, all other things being supposed equal, the richer the church, the poorer must necessarily be, either the sovereign on the one hand, or the people on the other; and, in all cases, the less able must the state be to defend itself In several Protestant count

therefore, that they should be defrayed by

tice, too, may, no doubt, be considered as laid out for the benefit of the whole society

make it necessary to seek redress or protection from the courts of justice The persons again most immediately benefited by this expense are those whom the courts of justice either restore to their rights or maintain in their rights The expense of the administration of justice, therefore, may very properly be defrayed by the particular contribution of one or other, or both of those two different sets of persons according as different occasions may require, that is by the fees of court It cannot be necessary to have recourse to the general contribution of the whole society, except for the conviction of those criminals who have not themselves any estate

society

The expense of maintaining good roads and communications is no doubt beneficial to

other countries, lay it altogether upon those two different sets of people, and thereby discharge the general revenue of the society from a very considerable burden

advantage be defrayed altogether by those who receive the immediate benefit of such education and instruction, or by the voluntary contribution of those who think they have occasion for either the one or the other

When the institutions or public works which are beneficial to the whole society either cannot be maintained altogether, or are not maintained altogether by the contribution of such particular members of the society as are most immediately benefited by them,

the chief magistrate must make up for the deficiency of many particular branches of revenue The sources of this general or public revenue I shall endeavour to explain in the following chapter

CHAPTER II

Of the Sources of the General or Public Revenue of the Society

The revenue which must defray not only the expense of defending the society and of supporting the dignity of the chief magistrate, but all the other necessary expenses of government for which the constitution of the state has not provided any particular revenue may be drawn either first from some fund which peculiarly belongs to the sovereign or commonwealth and which is independent of the revenue of the people or secondly from the revenue of the people

PART I

Of the Funds or Sources of Revenue which may peculiarly belong to the Sovereign or Commonwealth

The funds or sources of revenue which may peculiarly belong to the sovereign or commonwealth must consist either in stock or in land

The sovereign like any other owner of stock may derive a revenue from it, either by employing it himself or by lending it His revenue is in the one case profit, in the other interest

The revenue of a Tartar or Arabian chief consists in profit It arises principally from the milk and increase of his own herds and flocks of which he himself superintends the

of a monarchial state

Small republics have sometimes derived a considerable revenue from the profit of mercantile projects The republic of Hamburg is said to do so from the profits of a public wine cellar and apothecary s shop [1] The state cannot be very great of which the sovereign has leisure to carry on the trade of a wine merchant or apothecary The profit of a public bank has been a source of revenue to more considerable states It has been so not only to Hamburg but to Venice and Amsterdam A revenue of this kind has even by some people been thought not below the attention [illegible]

eighty thousand pounds the net annual profit, after paying the expense of management, must amount it is said to five hundred and ninety two thousand nine hundred pounds Government it is pretended could borrow this capital at three per cent interest, and by taking the management of the bank into its own hands might make a clear profit of two hundred and sixty nine thousand five hundred pounds a year The orderly vigilant and parsimonious administration of such aristocracies as those of Venice and Amsterdam is extremely proper it appears from experience for the management of a mercantile project of this kind But whether such a government as that of England—which whatever may be its virtues has never been famous for good economy which in time of peace, has generally conducted itself with the slothful and negligent profusion that is perhaps natural to monarchies and in time of war has constantly acted with all the thoughtless extravagance that democracies are apt to fall into—could be safely trusted with the management of such a project must at least be a good deal more doubtful

The post office is properly a mercantile [illegible]

the duties upon what is carried It is perhaps the only mercantile project which has been successfully managed by, I believe, every sort of government The capital to be advanced is not very considerable There is no mystery in the business The returns are not only certain but immediate

Princes however, have frequently engaged in many other mercantile projects, and have been willing like private persons, to mend their fortunes by becoming adventurers in the common branches of trade They have scarce ever succeeded The profusion with which the affairs of princes are always managed renders it almost impossible that they should The agents of a prince regard the wealth of their master as inexhaustible are careless at what price they buy are careless at what price they sell are careless at what expense they transport his goods from one place to another Those agents frequently live with the profusion of princes, and sometimes too in spite of that profusion and by a proper method of making up their accounts acquire the fortunes of princes. It was thus, as we are told by Machiavel that [illegible]

accordingly to give up the business of merchant the business to which his family had originally owed their fortune and in the latter part of his life to employ both what remained of that fortune and the revenue of the state of which he had the disposal in projects and expenses more suitable to his station

No two characters seem more inconsistent than those of trader and sovereign If the [illegible]

traders only they managed their trade successfully, and were able to pay from their profits a moderate dividend to the proprietors of their stock Since they became sovereigns with a revenue which it is said was originally more than three millions sterling they have been obliged to beg extraordinary assistance of government in order to avoid immediate bankruptcy In their former situation their servants in India considered themselves as the clerks of merchants in their present situation those servants consider themselves as the ministers of sovereigns

A state may sometimes derive some part of its public revenue from the interest of money as well as from the profits of stock If it has amassed a treasure, it may lend a

[1] See *Memoires concernant les droits et impositions en Europe* vol i p 73 This work was compiled by the order of the court for the use of a commission employed for some years past in considering the proper means for reforming the finances of France The account of the French taxes which takes up three volumes in quarto may be regarded as perfectly authentic That of those of other European nations was compiled from such informations as the French ministers at the different courts could procure It is much shorter and probably not quite so exact as that of the French taxes

part of that treasure either to foreign states or to its own subjects

The canton of Berne derives a consider

England The security of this revenue must depend first upon the security of the funds in which it is placed or upon the good faith of the government which has the management of them and secondly upon the certainty or probability of the continuance of peace with the debtor nation In the case of a war the very first act of hostility on the part of the debtor nation might be the forfeiture of the funds of its creditor This policy

six per cent interest This pawnshop or Lombard as it is called affords a revenue it is

amassing any treasure invented a method of lending not money indeed but what is equivalent to money to its subjects By advancing to private people at interest and upon land security to double the value paper bills of credit to be redeemed fifteen years after their date and in the meantime made transferable from hand to hand like bank notes and declared by act of assembly to be a legal tender in all payments from one inhabitant of the province to another it raised a moderate revenue which went a considerable way towards defraying an annual expense of about £1500 the whole ordinary expense of that frugal and orderly government The success of an expedient of this kind must have depended upon three different circumstances first upon the demand for some other instrument of commerce besides gold and silver money or upon the demand for such a quantity of consumable stock as

which would have been necessary for carrying on their circulation had there been no paper

See *Memoires concernant les droits* etc., vol i p 73

bills of credit The same expedient was upon different occasions adopted by several other American colonies but from want of this

to be trusted to as the principal funds of that sure steady and permanent revenue which can alone give security and dignity to government The government of no great nation that was advanced beyond the shepherd state seems ever to have derived the greater part of its public revenue from such sources

the public revenue of many a great nation that was much advanced beyond the shepherd state From the produce or rent of the

occasion the greater part of the necessary expense of all great states But in the ancient republics of Greece and Italy every citizen

landed estate might be fully sufficient for defraying all the other necessary expenses of government

In the ancient monarchies of Europe the manners and customs of the times sufficiently prepared the great body of the people for war and when they took the field they

greater part of them very moderate The administration of justice it has been shown instead of being a cause of expense was a source of revenue The labour of the country people for three days before and for three days after harvest was thought a fund sufficient for making and maintaining all the bridges highways and other public works which the commerce of the country was supposed to require In those days the principal expense of the sovereign seems to have consisted in the maintenance of family

and household The officers of his household, accordingly, were then the great officers of state The lord treasurer received his rents The lord steward and lord chamberlain looked after the expense of his family The care of his stables was committed to the lord constable and the lord marshal His houses were all built in the form of castles and seem to have been the principal fortresses which he possessed The keepers of those houses or castles might be considered as a sort of military governors They seem to have been the only military officers whom it was necessary to maintain in time of peace In these circumstances the rent of a great landed estate might, upon ordinary occasions, very well defray all the necessary expenses of government

In the present state of the greater part of the civilised monarchies of Europe, the rent of all the lands in the country, managed as they probably would be if they all belonged to one proprietor, would scarce perhaps amount to the ordinary revenue which they levy upon the people even in peaceable times The ordinary revenue of Great Britain, for example including not only what is necessary for defraying the current expense of the year, but for paying the interest of the public debts and for sinking a part of the capital of those debts amounts to upwards of ten millions a year But the land tax, at four shillings in the pound falls short of two millions a year This land tax as it is called, however, is supposed to be one-fifth not only of the rent of all the land but of that of all the houses and of the interest of all the capital stock of Great Britain that part of it only excepted which is either let to the public, or employed as farming stock in the cultivation of land A very considerable part of the produce of this tax arises from the rent of houses and the interest of capital stock The land tax of the city of London, for example at four shillings in the pound amounts to £123 399 6s 7d That of the city of Westminster to £63 092 1s 5d That of the palaces of Whitehall and St James's, to £30 754 6s 3d A certain proportion of the

is supposed to be the interest of trading and capital stock According to the estimation therefore by which Great Britain is rated to the land tax, the whole mass of revenue arising from the rent of all the lands from that of all the houses and from the interest of all the capital stock that part of it only excepted which is either lent to the public or employed in the cultivation of land does not exceed ten millions sterling a year, the ordinary revenue which government levies upon the people even in peaceable times. The estimation by which Great Britain is rated to the land tax is, no doubt taking the whole kingdom at an average very much below the real value though in several particular counties and districts it is said to be nearly equal to that value The rent of the lands alone, exclusively of that of houses, and of the interest of stock, has by many people been estimated at twenty millions, an estimation made in a great measure at random, and which, I apprehend is as likely to be above as below the truth But if the lands of Great Britain, in the present state of their cultivation, do not afford a rent of more than twenty millions a year, they could not well afford the half, most probably not the fourth part of that rent, if they all belonged to a single proprietor, and were put under the negligent, expensive, and oppressive management of his factors and agents The crown lands of Great Britain do not at present afford the fourth part of the rent which could probably be drawn from them if they were the property of private persons If the

The whole annual produce of the land of every country, if we except what is reserved for seed is either annually consumed by the great body of the people, or exchanged for something else that is consumed by them Whatever keeps down the produce of the land below what it would otherwise rise to keeps down the revenue of the great body of the people still more than it does that of the proprietors of land The rent of land that portion of the produce which belongs to the proprietors is scarce anywhere in Great Britain supposed to be more than a third part of the whole produce If the land which in one state of cultivation affords a rent of ten millions sterling a year would in another afford a rent of twenty millions the rent being in both cases, supposed a third part of the produce, the revenue of the proprietors would be less than it otherwise might be by ten millions a year only, but the revenue of the great body of the people would be less than it otherwise might be by thirty millions

thirty millions a year deduct ... the seed could maintain according to the particular mode of living and expense which might take place in the different ranks of

men among whom the remainder was distributed

Though there is not at present in Lurope any civil sed state of any kind which derives the greater part of its public revenue from the rent of lands which are the property of the state yet in all the great monarchies of Europe there are still many large tracts of land which belong to the crown They are generally forest, and sometimes forest where after travelling several miles you will scarce find a single tree a mere waste and loss of country in respect both of produce and population In every great monarchy of Lurope the sale of the crown lands would produce a very large sum of money which if applied to the payment of the public debts would deliver from mortgage a much greater revenue than any which those lands have ever afforded to the crown In countries where lands improved and cultivated very highly and yielding at the time of sale as great a rent as can easily be got from them commonly sell at thirty years purchase the unimproved uncultivated and low rented crown lands might well be expected to sell at forty fifty or sixty years purchase The crown might immediately enjoy the revenue which this great price would redeem from mortgage In the course of a few years it would probably enjoy another revenue When the crown lands had become private property they would in the course of a few years become well improved and well cultivated The increase of their produce would increase the population of the country by augmenting the revenue and consumption of the people But the revenue which the crown derives from the duties of customs and excise would necessarily increase with the revenue and consumption of the people

The revenue which in any civilised monarchy the crown derives from the crown lands though it appears to cost nothing to individuals in reality costs more to the society than perhaps any other equal revenue which the crown enjoys It would in all cases be for the interest of the society to replace this revenue to the crown by some other equal revenue and to divide the lands among the people which could not well be done better perhaps than by exposing them to public sale

Lands for the purposes of pleasure and magnificence—parks gardens public walks etc possessions which are everywhere considered as causes of expense not as sources of revenue—seem to be the only lands which in a great and civilised monarchy ought to belong to the crown

Public stock and public lands therefore the two sources of revenue which may peculiarly belong to the sovereign or commonwealth being both improper and insufficient funds for defraying the necessary expense of any great and civilised state it remains that this expense must the greater part of it be defrayed by taxes of one kind or another the people contributing a part of their own private revenue in order to make up a public revenue to the sovereign or commonwealth

Part 2

Of Taxes

Tl e p ... ta ... f nd d als t h s

those three different sorts of revenue or from all of them indifferently I shall endeavour

which it was intended they should fall

Before I enter upon the examination of particular taxes it is necessary to premise the four following maxims with regard to taxes in general

I The subjects of every state ought to contribute towards the support of the government as nearly as possible in proportion to their respective abilities that is in proportion to the revenue which they respectively enjoy under the protection of the

the estate In the observation or neglect of this maxim consists what is called the equality or inequality of taxation Every tax it must be observed once for all which falls finally upon one only of the three sorts of revenue above mentioned is necessarily unequal in

so far as it does not affect the other two In the following examination of different taxes I shall seldom take much further notice of this sort of inequality, but shall, in most cases, confine my observations to that inequality which is occasioned by a particular tax falling unequally even upon that particular sort of

ment the quantity to be paid, ought all to be clear and plain to the contributor, and to every other person Where it is otherwise, every person subject to the tax is put more or less in the power of the tax gatherer, who can either aggravate the tax upon any obnoxious contributor, or extort, by the terror of such aggravation some present or per quisite to himself The uncertainty of taxa tion encourages the insolence and favours the corruption of an order of men who are naturally unpopular even where they are neither insolent nor corrupt The certainty of what each individual ought to pay is in taxation a matter of so great importance that a very considerable degree of inequality, it appears I believe from the experience of all nations is not near so great an evil as a very small degree of uncertainty

III Every tax ought to be levied at the time or in the manner, in which it is most *likely to be convenient for the contributor* to pay it A tax upon the rent of land or

most likely to have wherewithal to pay Taxes

fault if he ever suffers any considerable in convenency from such taxes

IV Every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible over and above what it brings into the public treasury of the state A tax may either take out or keep out of the pockets of the people a great deal more than it brings into the public treasury in the four following ways First the levying of it may require a great number of officers whose salaries may eat up the greater part of the produce of the tax, and whose perquisites may impose another additional tax upon the people Secondly it may obstruct the industry of the people and discourage them from applying to certain branches of business which might give main tenance and unemployment to great multi tudes While it obliges the people to pay it may thus diminish, or perhaps destroy some of the funds which might enable them more easily to do so Thirdly, by the for feitures and other penalties which those un fortunate individuals incur who attempt unsuccessfully to evade the tax, it may frequently ruin them and thereby put an end to the benefit which the community might have received from the employment of their capitals. An injudicious tax offers a great temptation to smuggling But the penalties of smuggling must rise in propor tion to the temptation The law, contrary to all the ordinary principles of justice first creates the temptation, and then punishes those who yield to it and it commonly en hances the punishment, too in proportion to the very circumstance which ought cer tainly ... to com mit th ... people ... examination of the tax gatherers expose them to much unnecessary trouble *vexation and oppression and though* vexa tion is not strictly speaking expense it is certainly equivalent to the expense at which every man would be willing to redeem him self from it It is in some one or other of these four different ways that taxes are frequently so much more burdensome to the peo ple than they are beneficial to the sovereign

The evident justice and utility of the fore going maxims have recommended them more or less to the attention of all nations All nations have endeavoured to the best of their judgment to render their taxes as equal as they could contrive as certain as con venient to the contributor both in the time and in the mode of payment and *in propor* tion to the revenue which they brought to the prince as little burdensome to the people The following short review of some of the principal taxes which have taken place in different ages and countries will show that the endeavours of all nations have not in this respect been equally successful

[1] See *Sketches of the History of Man* p 474 *et seq*

ARTICLE I

Taxes upon Rent Taxes upon the Rent of Land

A tax upon the rent of land may either be imposed according *to a certain canon* every district being valued at a certain rent *which valuation is not afterwards to be*

altered or it may be imposed in such a manner as to vary with every variation in the real rent of the land and to rise or fall with the improvement or declension of its cultivation

A land tax which like that of Great Britain is assessed upon each district according to a certain invariable canon though it should be equal at the time of its first establishment necessarily becomes unequal in process of time according to the unequal degrees of improvement or neglect in the cultivation of the different parts of the country In England the valuation according to which the different countries and parishes were assessed to the land tax by the 4th of William and Mary was very unequal even at its first establishment This tax therefore so far offends against the first of the four maxims above mentioned It is perfectly agreeable to the other three It is perfectly certain The time of payment for the tax being the same as that for the rent is as convenient as it can be to the contributor Though the landlord is in all cases the real contributor the tax is commonly advanced by the tenant to whom the landlord is obliged to allow it in the payment of the rent This tax is levied by a much smaller number of officers than any other which affords nearly the same revenue As the tax upon each district does

aggravation of the tax which may sometimes occasion upon a particular estate is always so very small that it never can discourage those improvements nor keep down the produce of the land below what it would otherwise rise to As it has no tendency to diminish the quantity it can have none to raise the price of that produce It does not obstruct the industry of the people It subjects the landlord to no other inconveniency besides the unavoidable one of paying the tax

The advantage however which the landlord has derived from the invariable constancy of the valuation by which all the lands of Great Britain are rated to the land tax has been principally owing to some circumstances altogether extraneous to the nature of the tax

It has been owing in part to the great prosperity of almost every part of the country the rents of almost all the estates of Great Britain having since the time when this valuation was first established been continually rising and scarce any of them having fallen The landlords therefore have almost all gained the difference between the tax which they would have paid according

there has been no alteration in the standard of the coin either as to weight or fineness Had silver risen considerably in its value as it seems to have done in the course of the two centuries which preceded the discovery of the mines of America the constancy of the valuation might have proved very oppressive to the landlord Had silver fallen considerably in its value as it certainly did for about a century at least after the discovery of those mines the same constancy of valuation would have reduced very much this branch of the revenue of the sovereign Had any considerable alteration been made in the standard of the money either by sinking the same quantity of silver to a lower denomination or by raising it to a higher had an ounce of silver for example instead of being coined into five shillings and twopence been coined either into pieces which bore so low a denomination as two shillings and sevenpence or into pieces which bore so high a one as ten shillings and fourpence it would in the one case have hurt the revenue of the proprietor in the other that of the sovereign

the course of ages such circumstances however must, at some time or other happen But though empires like all the other works of men have all hitherto proved mortal yet every empire aims at immortality Every constitution therefore which it is meant should be as permanent as the empire itself ought to be convenient not in certain circumstances only but in all circumstances or ought to be suited not to those circumstances

which are transitory, occasional, or accidental, but to those which are necessary and therefore always the same

A tax upon the rent of land which varies with every variation of the rent, or which rises and falls according to the improvement or neglect of cultivation, is recommended by that sect of men of letters in France who call themselves The Economists as the most equal table of all taxes All taxes, they pretend fall ultimately upon the rent of land, and ought therefore to be imposed equally upon the fund which must finally pay them That all taxes ought to fall as equally as possible upon the fund which must finally pay them is certainly true But without entering into the disagreeable discussion of the metaphysical arguments by which they support their very ingenious theory it will sufficiently appear from the following review what are the taxes which fall finally upon the rent of the land and what are those which fall finally upon some other fund

In the Venetian territory all the arable lands which are given in lease to farmers are taxed at a tenth of the rent[1] The leases are recorded in a public register which is kept by the ...

ince or ...

vates his ...

to an equ...

a deducti...

for such lands he pays only eight ... so that ... of ten per cent of the supposed rent

A land tax of this kind is certainly more equal than the land tax of England It might not perhaps be altogether so certain and the assessment of the tax might frequently occasion a good deal more trouble to the landlord It might too be a good deal more expensive in the levying

Such a system of administration however might perhaps be contrived as would in a great measure both prevent this uncertainty and moderate this expense

The landlord and tenant for example might jointly be obliged to record their lease in a public register Proper penalties might be enacted against concealing or misrepresenting any of the conditions and if part of those penalties were to be paid to ... of the t... convict ... in ...

Some landlords, instead of raising the rent take a fine for the renewal of the lease This practice is in most cases the expedient of a spendthrift, who for a sum of ready m... sells a future revenue of much greater v... It is in most cases, therefore hurtful to the landlords It is frequently hurtful to the ...ant, and it is always hurtful to the com...nity It frequently takes from the tenant great a part of his capital, and thereby ...minishes so much his ability to cultivate land that he finds it more difficult to ... a small rent than it would otherwise ha... been to pay a great one Whatever diminishes his ability to cultivate necessarily keeps dow... below what it would otherwise have bee... the most important part of the revenue ... the community By rendering the tax u... such fines a good deal heavier than upo... the ordinary rent this hurtful practice migh... be discouraged to the no small advantage o... all the different parties concerned of the landlord of the tenant, of the sovereign and of the whole community

Some leases prescribe to the tenant a certain mode of cultivation and a certain succession of c... of t... the ... supe... very ... sidered as an additional rent as a rent in service instead of a rent in money In order to discourage the practice which is generally a foolish one this species of rent might be valued rather high and consequently taxed somewhat higher than ...

Sc... requ... kind ... in ser... to the tenant than beneficial to the landlo... They either take more or keep more out ... the pocket of the former than they put int... that of the latter In every country where they take place the tenants are poor and beggarly pretty much according to the degree in which they take place By valuing in the same manner, such rents rather high and consequently taxing them somewhat higher than common money rents a practice which is hurtful to the whole community might perhaps be ... s ... m ... be ... g to an equitable arbitration of the farmers and landlords in the neighbourhood and a moderate abatement of the tax might be granted to him in the same manner as in the Venetian territory provided the rent of the lands which he occupied did not exceed a certain sum It is of importance that the landlord should be encouraged to

[1] *Memoires concernant les droits etc* pp 240 241

cultivate a part of his own land His capital is generally greater than that of the tenant, and with less skill he can frequently raise a greater produce The landlord can afford to try experiments and is generally disposed to do so His unsuccessful experiments occasion only a moderate loss to himself His successful ones contribute to the improvement and better cultivation of the whole country It might be of importance, however, that the abatement of the tax should encourage him to cultivate to a certain extent only If the landlords should the greater part of them be tempted to farm the whole of their own lands the country (instead of sober and industrious tenants who are bound by their own interest to cultivate as well as their capital and skill will allow them) would be filled with idle and profligate bailiffs, whose abusive management would soon degrade the cultivation and reduce the annual produce of the land to the diminution not only of the revenue of their masters but of the most important part of that of the whole society

Such a system of administration might, perhaps free a tax of th[illegible]

of land such a plan or policy as might contribute a good deal to the general improvement and good cultivation of the country

The expense of levying a land tax which varied with every variation of the rent would no doubt be somewhat greater than that of [illegible]

himself The expense of all this however, might be very moderate, and much below what is incurred in the levying of many other taxes which afford a very inconsiderable revenue in comparison of what might easily be [illegible]

prove when the sovereign who contributed nothing to the expense was to share in the profit of the improvement Even this objection might perhaps be obviated by allowing the landlord before he began his improvement to ascertain in conjunction with the officers of revenue the actual value of his lands according to the equitable arbitration of a certain number of landlords and farmers in the neighborhood equally chosen by both parties and by rating him according to this valuation for such a number of years as might be fully sufficient for his complete indemnification To draw the attention of the sover[illegible]

It had better however, be somewhat too long than in any respect too short No incitement to the attention of the sovereign can ever counterbalance the smallest discouragement to that of the landlord The attention of the [illegible]

of the landlord is a particular and minute consideration of what is likely to be the most advantageous application of every inch of [illegible]

judgment by giving to both the most perfect security that they shall enjoy the full recompense of their own industry and by procuring to both the most extensive market for every part of their produce in consequence of establishing the easiest and safest communications both by land and by water through every part of his own dominions as well as the most unbounded freedom of exportation to the dominions of all other princes

If by such a system of administration a [illegible]

It would therefore, be much more proper to be established as a perpetual and unalterable regulation or as what is called a fundamental law of the commonwealth than any tax which was always to be levied according to a certain valuation

Some states, instead of the simple and obvious expedient of a register of leases have had recourse to the laborious and expensive one of an actual survey and valuation of all the lands in the country They have suspected, probably, that the lessor and lessee, in order to defraud the public revenue, might combine to conceal the real terms of the lease Domesday Book seems to have been the result of a very accurate survey of this kind

In the ancient dominions of the King of Prussia, the land tax is assessed according to an actual survey and valuation which is reviewed and altered from time to time[1] According to that valuation, the lay proprietors pay from twenty to twenty five per cent of their revenue Ecclesiastics from forty to forty five per cent The survey and valuation of Silesia was made by order of the present king it is said with great accuracy According to that valuation the lands belonging to the Bishop of Breslaw are taxed at twenty-five per cent of their rent The other revenues of the ecclesiastics of both religions at fifty per cent The commanderies of the Teutonic order, and of that of Malta at forty per cent Lands held by a noble tenure, at thirty-eight and one third per cent Lands held by a base tenure, at thirty five and one-third per cent

The survey and valuation of Bohemia is said to have been the work of more than a hundred years It was not perfected till after the peace of 1748 by the orders of the present empress queen[2] The survey of the duchy of Milan which was begun in the time of Charles VI was not perfected till after 1760 It is esteemed one of the most accurate that has ever been made The survey of Savoy and Piedmont was executed under the orders of the late King of Sardinia[3]

In the dominions of the King of Prussia the revenue of the church is taxed much higher than that of lay proprietors The revenue of the church is the greater part of it a burden upon the rent of land It seldom

... reasonable that it should contribute a good deal more towards relieving the exigencies of the state In some countries the lands of the church are exempted from all taxes In others they are taxed more lightly than other lands In the duchy of Milan, the lands which the church possessed before 1575 are rated to the tax at a third only of their value

In Silesia lands held by a noble tenure are taxed three per cent higher than those held by a base tenure The honours and privileges of different kinds annexed to the former his Prussian Majesty had probably imagined ...

... the latter would be in some measure alleviated by being taxed somewhat more lightly In other countries the system of taxation instead of alleviating aggravates this inequality In the dominions of the King of Sardinia and in those ...

... a noble one are exempted

A land tax assessed according to a general survey and valuation how equal soever it may be at first ...

... ment to all the variations in the state and produce of every different farm in the country ...

... will probably ...

... it is said to a very exact survey and valuation[4] By 1727, this assessment had become altogether unequal In order to remedy this ...

... the relief of those which by the same assessment are overtaxed Two districts for ex

[1] *Mémoires concernant les droits* etc vol i pp 114 115 116 etc

[2] *Ibid*, pp 83 84

[3] *Ibid*, p 280 etc also p 287 etc to 316

[4] *Mémoires concernant les droits* etc, vol ii p 139 etc

ample, one of which ought in the actual state of things to be taxed at nine hundred, the other at eleven hundred livres, are by the old assessment both taxed at a thousand livres Both these districts are by the addi-

therefore, be in a great measure arbitrary

Taxes which are proportioned, not to the Rent, but to the Produce of Land

Taxes upon the produce of land are in reality taxes upon the rent, and though they may be originally advanced by the farmer, are finally paid by the landlord When a certain portion of the produce is to be paid

which is a land tax of this kind is, one year with another, likely to amount to

The tithe, and every other land tax of this kind, under the appearance of perfect equality, are very unequal taxes a certain portion of the produce being in different situations, equivalent to a very different portion of the

he could afford to pay as rent to the landlord, if there was no tithe But if a tenth of the produce is taken from him in the way of tithe he must require an abatement of the

the produce, will amount only to four tenths of it In poorer lands on the contrary, the produce is sometimes so small and the expense of cultivation so great, that it requires four fifths of the whole produce to replace to the farmer his capital with the ordinary profit In this case, though there was no tithe, the rent of the landlord could amount to no more than one fifth or two-tenths of the whole produce But if the farmer pays one tenth of the produce in the way of tithe, he must require an equal abatement of the rent of the landlord, which will thus be reduced to one tenth only of the whole produce Upon the rent of rich lands, the tithe may sometimes be a tax of no more than one fifth part, or four shillings in the

equal tax upon the rent, so it is always a great discouragement both to the improvements of the landlord and to the cultivation of the farmer The one cannot venture to make the most important, which are generally the most expensive improvements, nor the other to raise the most valuable, which are generally too the most expensive crops, when the church, which lays out no part of

this destructive tax, enjoyed a sort of monopoly of that useful dyeing drug against the rest of Europe The late attempts to introduce the culture of this plant into England have been made only in consequence of the statute which enacted that five shillings an acre should be received in lieu of all manner of tithe upon madder

As through the greater part of Europe the

revenue of the sovereign consists in a tenth part of the produce of all lands of the empire This tenth part, however, is estimated so very moderately that, in many provinces, it is said not to exceed a thirtieth part of the ordinary produce The land tax or land rent which used to be paid to the Mahometan government of Bengal before that country fell into the hands of the English East India Company, is said to have amounted to about a fifth part of the produce The land tax of ancient Egypt is said likewise to have amounted to a fifth part

In Asia, this sort of land tax is said to in

increase, as much as possible, both the

tity and value of every part of the produce of the land by procuring to every part of it the most extensive market which their own dominions could afford The tithe of the church is divided into such small portions that no one of its proprietors can have any interest of this kind The parson of a parish [illegible] his account in making a [illegible] of his own particular [illegible] destined for the maintenance of the state, have some advantages which may serve in some measure to balance their inconveniency When destined for the maintenance of the church they are attended with nothing but inconveniency

Taxes upon the produce of land may be levied either in kind or according to a certain valuation in money

The parson of a parish or a gentleman of small fortune who lives upon his estate may sometimes perhaps find some advantage in receiving the one his tithe and the other his rent in kind The quantity to be collected and the district within which it is to be collected are so small that they both can oversee with their own eyes the collection and disposal of every part of what is due to them A gentleman of great fortune, who lived in the capital would be in danger of suffering much by the neglect and more by the fraud of his factors and agents if the rents of an estate in a distant province were to be paid to him in this manner The loss of the sovereign from the abuse and depredation of his tax gatherers would necessarily be much greater The servants of the most careless private person are perhaps more under the eye of their master than those of the most careful prince and a public revenue which was paid in kind would suffer so much from the mismanagement of the collectors that a very small part of what was levied upon the people would ever arrive at the treasury of the prince Some part of the public revenue of China however is said to be paid in this manner The mandarins and other tax gatherers will no doubt find their advantage in continuing the practice of a payment which is so much more liable to abuse than any payment in money

A tax upon the produce of land which is levied in money may be levied either according to a valuation which varies with all the variations of the market price or according to a fixed valuation a bushel of wheat for example being always valued at one and the same money price whatever may be the state of the market The produce of a tax levied in the former way will vary only according to the variations in the real produce of the land according to the improvement or neglect of cultivation The produce of a tax levied in the latter way will vary not only according to the variations in the produce of the land but according to both those in the value of the precious metals and those in the quantity of those metals which is at different times contained in coin of the same denomination The produce of the former will always bear the same proportion to the value of the real produce of the land The produce of the latter may, at different times, bear very different proportions to that value

When instead either of a certain portion of the produce of land or of the price of a certain portion a certain sum of money is to be paid in full compensation for all tax or tithe the tax becomes in this case exactly of the same nature with the land tax of England It neither rises nor falls with the rent of the land It neither encourages nor discourages improvement The tithe in the greater part of those parishes which pay what is called a Modus in lieu of all other tithe is a tax of this kind During the Mahometan government of Bengal instead of the payment in kind of a fifth part of the produce a modus and it is said a very moderate one was established in the greater part of the districts or zemindaries of the country Some of the servants of the East India Company under pretence of restoring the public revenue to its proper value, have in some provinces exchanged this modus for a payment in kind Under their management this change is likely both to discourage cultivation and to give new opportunities for abuse in the collection of the public revenue which has fallen very much below what it was said to have been when it first fell under the management of the company The servants of the company may perhaps have profited by this change but at the expense it is probable both of their masters and of the country

Taxes upon the Rent of Houses

The rent of a house may be distinguished into two parts of which the one may very properly be called the Building rent the other is commonly called the Ground rent

The building rent is the interest or profit of the capital expended in building the house In order to put the trade of a builder upon a level with other trades it is necessary that this rent should be sufficient first to pay him the same interest which he would have got for his capital if he had lent it upon good security and secondly to keep the house in constant repair or what comes to the same thing to replace within a certain term of years the capital which had been employed in building it The building rent, or the

ordinary profit of building is, therefore everywhere regulated by the ordinary interest of money Where the market rate of interest is four per cent the rent of a house which over and above paying the ground rent affords six or six and a half per cent upon the

per cent If in proportion to the interest of

is over and above what is sufficient for affording this reasonable profit naturally goes to the ground rent and where the owner of

pays for some real or supposed advantage of the situation In country houses at a distance

r of
is
the

ground which the house stands upon would pay if employed in agriculture In country villas in the neighborhood of some great town it is sometimes a good deal higher and the peculiar conveniency or beauty of situation is there frequently very well paid for Ground rents are generally highest in the capital and in those particular parts of it where there happens to be the greatest demand for houses whatever be the reason of that demand whether for trade and business for pleasure and society or for mere vanity and fashion

A tax upon house rent payable by the tenant and proportioned to the whole rent of each house could not for any considerable

of the house and partly upon the owner of the ground

Let us suppose for example that a particular person judges that he can afford for house rent an expense of sixty pounds a year and let us suppose too that a tax of four shillings in the pound or of one fifth payable by the inhabitant is laid upon house rent A house of sixty pounds rent will in this case cost him seventy two pounds a year

pounds that he must pay for the tax will make up the sum of sixty pounds a year the expense which he judges he can afford and in order to pay the tax he will give up a part of the additional conveniency which he might have had from a house of ten pounds a year more rent He will give up I say, a part of this additional conveniency, for he will seldom be obliged to give up the whole but will in consequence of the tax get a better house for fifty pounds a year than he could have got if there had been no tax For as a tax of this kind by taking away this particular competitor must diminish the competition for houses of sixty pounds rent so it must likewise diminish it for those of fifty pounds rent and in the same manner for those of all other rents except the lowest rent for which it would for some time increase the competition But the rents of every class of houses for which the competition was diminished would necessarily be

of this tax therefore would fall partly upon

share would be obliged to give up a part of his revenue In what proportion this final payment would be divided between them it is not perhaps very easy to ascertain The division would probably be very different in

ground

The inequality with which a tax of this

cause The proportion of the expense of house rent to the whole expense of living is different in the different degrees of fortune It is perhaps highest in the highest degree and it diminishes gradually through the

degrees, so as in general to be lowest in the lowest degree The necessaries of life occasion the great expense of the poor They find it difficult to get food, and the greater part of their little revenue is spent in getting it The luxuries and vanities of life occasion the principal expense of the rich, and a magnificent house embellishes and sets off to the best advantage all the other luxuries and vanities which they possess A tax upon house rents, therefore, would in general fall heaviest upon the rich, and in this sort of inequality there would not, perhaps, be anything very unreasonable It is not very unreasonable that the rich should contribute to the public expense, not only in proportion to their revenue but something more than in that proportion

The rent of houses, though it in some respects resembles the rent of land, is in one respect essentially different from it The rent of land is paid for the use of a productive [illegible]

anything The person who pays the rent, therefore, must draw it from some other source of revenue distinct from the independent of this subject A tax upon the rent of houses, so far as it falls upon the inhabitants, must be drawn from the same source as the rent itself and must be paid from their revenue, whether derived from the wages of labour, the profits of stock or the rent of land So far as it falls upon the inhabitants, it is one of those taxes which fall not upon one only but indifferently upon all the three different sources of revenue, and is in every respect of the same nature as a tax upon any other sort of consumable commodities In general there is not, perhaps any one article of expense or consumption by which the liberality or narrowness of a man's whole expense can be better judged of than by his house rent A proportional tax upon this particular article of expense might perhaps, produce a more considerable revenue than any which has hitherto been drawn from it in any part of Europe If the tax indeed was very high, the greater part of people would [illegible]

The rent of houses might easily be ascertained with sufficient accuracy by a policy of the same kind with that which would be necessary for ascertaining the ordinary rent of land Houses not inhabited ought to pay no tax A tax upon them would fall altogether upon the proprietor, who would thus be taxed for a subject which afforded him neither conveniency nor revenue Houses inhabited by the proprietor ought to be rated, not according to the expense which they might have cost in building but according to [illegible]

rich and great families of this and, I believe, of every other civilised country Whoever will examine, with attention the different town and country houses of some of the richest and greatest families in this country will find that, at the rate of only six and a half or seven per cent upon the original expense of building their house-rent is nearly equal to the whole net rent of their estates It is the accumulated expense of several successive generations, laid out upon objects of great beauty and magnificance indeed but, in proportion to what they cost of very small exchangeable value[1]

Ground rents are a still more proper subject of taxation than the rent of houses A tax upon ground rents would not raise the rents of houses It would fall altogether upon the owner of the ground rent who acts always as a monopolist, and exacts the greatest rent which can be got for the use of his ground More or less can be got for it according as the competitors happen to be richer or poorer, or can afford to gratify their fancy for a particular spot of ground at a greater or smaller expense In every country the greatest number of rich competitors is in the capital, and it is there accordingly that the highest ground rents are always to be found As the wealth of those competitors would in no respect be increased by a tax upon ground rents, they would not probably be disposed to pay more for the use of the ground Whether the tax was to be advanced by the inhabitant, or by the owner of the ground would be of little importance The more the inhabitant was obliged to pay for the tax the less he would incline to pay for the ground so that the final payment of the tax would fall altogether upon the owner of the ground rent The ground rents of uninhabited houses ought to pay no tax

Both ground rents and the ordinary rent of land are a species of revenue which the owner in many cases enjoys without any care or attention of his own Though a part of this revenue should be taken from him in order to defray the expenses of the state no

[1] Since the first publication of this book a tax nearly upon the above-mentioned principles has been imposed

discouragement will thereby be given to any sort of industry The annual produce of the land and labour of the society, the real wealth and revenue of the great body of the people might be the same after such a tax as before Ground rents and the ordinary rent of land are therefore perhaps, the species of revenue which can best bear to have a peculiar tax imposed upon them

Ground rents seem, in this respect a more proper subject of peculiar taxation than even the ordinary rent of land The ordinary rent of land is, in many cases, owing partly at least to the attention and good management of the landlord A very heavy tax might discourage too much this attention and good management Ground rents so far as they exceed the ordinary rent of land are alto-

to pay so much more than its real value for the ground which they build their houses

that government

Though, in many different countries of Europe taxes have been imposed upon the

be considered as ground rent, and what part ought to be considered as building rent It should not, however seem very difficult to distinguish those two parts of the rent from one another

tricts exempted from it by the favour of the assessors and this exemption sometimes occasions some little variation in the rate of

further variations in the rate of particular houses

its being tenanted or untenanted There seems to be a hardship in obliging the proprietor to pay a tax for an untenanted house, from which he can derive no revenue, especially so very heavy a tax In Holland, where the market rate of interest does not exceed three per cent, two and a half per cent upon the whole value of the house must in most cases amount to more than a third of the building rent, perhaps of the whole rent The valuation indeed, according to which the houses are rated, though very unequal is

The contrivers of the several taxes which in England have at different times been imposed upon houses seem to have imagined that there was some great difficulty in ascertaining with tolerable exactness what was the real rent of every house They have regu

some proportion to the rent

The first tax of this kind was hearth money or a tax of two shillings upon every hearth In order to ascertain how many hearths were in the house it was necessary

¹Memoires concernant les droits, etc p 223

tax gatherer, therefore, was less offensive in this tax than in the hearth money

This tax was afterwards repealed, and in the room of it was established the window-tax, which has undergone, too several alterations and augmentations. The window tax, as it stands at present (January 1775), over and above the duty of three shillings upon every house in England, and of one shilling upon every house in Scotland lays a duty upon every window, which in England, augments gradually from twopence, the lowest rate upon houses with not more than seven windows, to two shillings, the highest rate upon houses with twenty five windows and upwards

The principal objection to all such taxes is their inequality, an inequality of the worst kind as they must frequently fall much heavier upon the poor than upon the rich A house of ten pounds rent in a country town may sometimes have more windows than a house of five hundred pounds rent in London, and though the inhabitant of the former is likely to be a much poorer man than that of the latter, yet so far as his contribution is regulated by the window tax, he must contribute more to the support of the state. Such taxes are, therefore, directly contrary to the first of the four maxims above mentioned They do not seem to offend much against any of the other three

The natural tendency of the window tax, and of all other taxes upon houses, is to lower rents The more a man pays for the tax, the less, it is evident, he can afford to pay for the rent Since the imposition of the window tax, however, the rents of houses have upon the whole risen, more or less in almost every town and village of Great Britain with which I am acquainted Such has been almost everywhere the increase of the demand for houses, that it has raised the rents more than the window tax could sink them one of the many proofs of the great prosperity of the country, and of the increasing revenue of its inhabitants Had it not been for the tax, rents would probably have risen still higher

Article II

Taxes on Profit, or upon the Revenue arising from Stock

The revenue or profit arising from stock naturally divides itself into two parts that which pays the interest and which belongs to the owner of the stock, and that surplus part which is over and above what is necessary for paying the interest

This latter part of profit is evidently a subject not taxable directly It is the compensation and in most cases it is no more than a very moderate compensation, for the risk and trouble of employing the stock The employer must have this compensation, otherwise he cannot, consistently with his own interest continue the employment If he was [illegible] ways in which he might employ the stock of which he had the management If he employed it as a farming stock in the cultivation of land he could raise the rate of his profit only by retaining a greater portion or, what comes to the same thing the price of a greater portion of the produce of the land and as this could be done only by a reduction of rent the final payment of the tax would fall upon the landlord If he employed it as a mercantile or manufacturing stock, he could raise the rate of his profit only by raising the price of his goods in [illegible] of the tax would [illegible] it, he would be obliged to charge [illegible] tax upon that part of it which was allotted for the interest of money He could afford less interest for whatever stock he borrowed, and the whole weight of the tax would in this case fall ultimately upon the interest of money So far as he could not relieve himself from the tax in the one way, he would be obliged to relieve himself in the other

The interest of money seems at first sight a subject equally capable of being taxed directly as the rent of land Like the rent of land, it is a net produce which remains after completely compensating the whole risk and trouble of employing the stock As a tax upon the rent of land cannot raise rents; because the net produce which remains after replacing the stock of the farmer, together with his reasonable profit cannot be greater after the tax than before it, so, for the same reason a tax upon the interest of money could not raise the rate of interest the quantity of stock or money in the country, like the quantity of land, being supposed to remain the same after the tax as before it The ordinary rate of profit, it has been shown in the first book, is everywhere regulated by

the quantity of stock to be employed in proportion to the quantity of the employment, or of the business which must be done by it But the quantity of the employment, or of the business to be done by stock, could neither be increased nor diminished by any tax upon the interest of money If the quantity of the stock to be employed, therefore, was neither increased nor diminished by it, the ordinary rate of profit would necessarily remain the same But the portion of this profit necessary for compensating the risk and trouble of the employer would likewise remain the same that risk and trouble being in no respect altered The residue, therefore, that portion which belongs to the owner of the stock, and which pays the interest of money, would necessarily remain the same too At first sight, therefore, the interest of

a much less proper subject of direct taxation than the rent of land

First, the quantity and value of the land which any man possesses can never be a secret, and can always be ascertained with great exactness But the whole amount of the capital stock which he possesses is almost always a secret, and can scarce ever be ascertained with tolerable exactness It is liable, besides, to almost continual variations A year seldom passes away, frequently not a month sometimes scarce a single day, in which it does not rise or fall more or less An inquisition into every man s private circumstances and an inquisition which, in order to accommodate the tax to them, watched over all the fluctuations of his fortunes, would be a source of such continual and endless vexation as no people could support

Secondly, land is a subject which cannot be removed, whereas stock easily may The proprietor of land is necessarily a citizen of the particular country in which his estate lies The proprietor of stock is properly a citizen of the world, and is not necessarily attached to any particular country He would be apt to abandon the country in which he was exposed to a vexatious inquisition in order to be assessed to a burdensome tax, and would remove his stock to some other country where he could either carry on his business, or enjoy his fortune more at his ease By removing his stock he would put an end to all the industry which it had maintained in the country which he left Stock cultivates land stock employs labour A tax which tended to drive away stock from any particular country would so far tend to dry up every source of revenue both to the sov

The nations, accordingly, who have attempted to tax the revenue arising from stock, instead of any severe inquisition of this kind, have been obliged to content themselves with some very loose, and, therefore, more or less arbitrary, estimation The extreme inequality and uncertainty of a tax assessed in this manner can be compensated only by its extreme moderation, in consequence of which every man finds himself rated so very much below his real revenue that he gives himself little disturbance though his neighbour should be rated somewhat lower

intended that stock should be taxed at one-fifth of the supposed interest When the present annual land tax was first imposed, the legal rate of interest was six per cent Every hundred pounds stock, accordingly, was supposed to be taxed at twenty four shillings, the fifth part of six pounds Since the legal rate of interest has been reduced to five per cent every hundred pounds stock is supposed to be taxed at twenty shillings only The sum to be raised by what is called the land tax was divided between the country and the principal towns The greater part of it was laid upon the country, and of what was laid upon the towns the greater part was assessed upon the houses What remained to be assessed upon the stock or trade of the towns (for the stock upon the land was not meant to be taxed) was very much below the real value of that stock or trade Whatever inequalities, therefore, there might be in the original assessment gave little disturbance Every parish and district still continues to be rated for its land its houses, and its stock, according to the original assessment, and the almost universal prosperity of the country, which in most places has raised very much

so far as it might be assessed upon the stock of any individual, has been very much diminished, as well as rendered of much less consequence If the greater part of the lands of England are not rated to the land tax at half their actual value, the greater part of the stock of England is perhaps, scarce rated at the fiftieth part of its actual value In

some towns the whole land tax is assessed upon houses as in Westminster, where stock and trade are free It is otherwise in London

In all countries a severe inquisition into the circumstances of private persons has been carefully avoided

At Hamburg[1] every inhabitant is obliged to pay to the state one fourth per cent of all that he possesses and as the wealth of the people of Hamburg consists principally in stock this tax may be considered as a tax upon stock Every man assesses himself and, in the presence of the magistrate puts annually into the public coffer a certain sum of money which he declares upon oath to be one fourth per cent of all that he possesses but without declaring what it amounts to or being liable to any examination upon that subject This tax is generally supposed to be paid with great fidelity In a small republic, where the people have entire confidence in their magistrates are convinced of the necessity of the tax for the support of the state and believe that it will be faithfully applied to that purpose such conscientious and voluntary payment may sometimes be expected It is not peculiar to the people of Hamburg

The canton of Unterwald in Switzerland is frequently ravaged by storms and inundations and is thereby exposed to extraordinary expenses Upon such occasions the people assemble and every one is said to declare with the greatest frankness what he is worth in order to be taxed accordingly At Zurich the law orders that in cases of necessity every one should be taxed in proportion to his revenue—the amount of which he is obliged to declare upon oath They have no suspicion it is said that any of their fellow citizens will deceive them At Basel the principal revenue of the state arises from a small custom upon goods exported All the citizens make oath that they will pay every three months all the taxes imposed by the law All merchants and even all innkeepers are trusted with keeping themselves the account of the goods which they sell either within or without the territory At the end of every three months they send this account to the treasurer with the amount of the tax computed at the bottom of it It is not suspected that the revenue suffers by this confidence[2]

To oblige every citizen to declare publicly upon oath the amount of his fortune must not it seems in those Swiss cantons be reckoned a hardship At Hamburg it would be reckoned the greatest Merchants engaged in the hazardous projects of trade all tremble at the thoughts of being obliged at all times to expose the real state of their circumstances. The ruin of their credit and the miscarriage of their projects they foresee, would too often be the consequence A sober and parsimonious people who are strangers to all such projects, do not feel that they have occasion for any such concealment

In Holland soon after the exaltation of the late Prince of Orange to the stadtholdership a tax of two per cent, or the fiftieth penny, as it was called was imposed upon the whole substance of every citizen Every citizen assessed himself and paid his tax in the same manner as at Hamburg and it was in general supposed to have been paid with great fidelity The people had at that time the greatest affection for their new government which they had just established by a general insurrection The tax was to be paid but once in order to relieve the state in a particular exigency It was, indeed too heavy to be permanent In a country where the market rate of interest seldom exceeds three per cent a tax of two per cent amounts to [illegible] the ne[illegible]d

[illegible]

continue to do so for any consi[illegible] and if they did the tax would soon ruin them so completely as to render them altogether incapable of supporting the state

The tax upon stock imposed by the Land tax Bill in England though it is proportioned to the capital is not intended to diminish or take away any part of that capital It is meant only to be a tax upon the interest of [illegible] rent of [illegible] r shil- [illegible] at four [illegible] Ham [illegible] axes of Unterwald and Zurich are meant in the same manner to be taxes not upon the capital but upon the interest or net revenue of stock. That of Holland was meant to be a tax upon the capital

Taxes upon the Profit of particular Employments

In some countries extraordinary taxes are imposed upon the profits of stock sometimes when employed in particular branches of trade and sometimes when employed in agriculture

Of the former kind are in England the tax

[1] *Memoires concerna it les droits* etc vol i p 74

[2] *Mémoires concernant les droits* etc vol i pp 163 166 171

upon hawkers and pedlars, that upon hackney coaches and chairs, and that which the keepers of ale houses pay for a licence to retail ale and spirituous liquors During the late war, another tax of the same kind was proposed upon shops The war having been undertaken, it was said, in defence of the trade of the country, the merchants, who were to profit by it, ought to contribute towards the support of it

A tax, however, upon the profits of stock employed in any particular branch of trade can never fall finally upon the dealers (who must in all ordinary cases have their reasonable profit, and where the competition is free can seldom have more than that profit), but always upon the consumers, who must be obliged to pay in the price of the goods the tax which the dealer advances, and generally with some overcharge

A tax of this kind when it is proportioned to the trade of the dealer is finally paid by

sumer, yet it favours the great, and occasions some oppression to the small dealer The tax of five shillings a week upon every hackney coach, and that of ten shillings a year upon every hackney chair, so far as it is advanced

favours the great, nor oppresses the smaller

give some advantage to the great and occa-

to many people appear not improper to give

great dealers The competition of the former being taken away, the latter would have enjoyed a monopoly of the trade, and like all other monopolists would soon have combined to raise their profits much beyond what was necessary for the payment of the tax The final payment, instead of falling upon the shopkeeper, would have fallen upon the consumer, with a considerable overcharge to the profit of the shopkeeper For these reasons the project of a tax upon shops was laid aside, and in the room of it was substituted the subsidy, 1759 *

What in France is called the personal taille is, perhaps, the most important tax upon the profits of stock employed in agriculture that is levied in any part of Europe

In the disorderly state of Europe during the prevalence of the feudal government, the sovereign was obliged to content himself with taxing those who were too weak to refuse to pay taxes The great lords, though willing to assist him upon particular emergencies, refused to subject themselves to any constant tax, and he was not strong enough to force them The occupiers of land all over Europe were, the greater part of them, originally

ancient copy-holders of England Others without acquiring the property, obtained leases for terms of years of the lands which they occupied under their lord, and thus became less dependent upon him The great lords seem to have beheld the degree of prosperity and independency which this inferior order of men had thus come to enjoy with a malignant and contemptuous indignation, and willingly consented that the sovereign

upon a part of the lands of the country, is necessarily an unequal, but it is not always

an arbitrary tax, though it is so upon some occasions. The personal taille, as it is intended to be proportioned to the profits of a certain class of people which can only be guessed at, is necessarily both arbitrary and unequal.

In France the personal taille at present (1775) annually imposed upon the twenty generalities called the Countries of Elections amounts to 40,107,239 livres 16 sous.[1] The proportion in which this sum is assessed upon those different provinces varies from year to year according to the reports which are made to the king's council concerning the goodness or badness of the crops, as well as other circumstances which may either increase or diminish their respective abilities to pay. Each generality is divided into a certain number of elections, and the proportion in which the sum imposed upon the whole generality is divided among those different elections varies likewise from year to year according to the reports made to the council concerning their respective abilities. It seems impossible that the council with the best intentions can ever proportion with tolerable exactness either of those two assessments to the real abilities of the province or district upon which they are respectively laid. Ignorance and misinformation must always more or less mislead the most upright council. The proportion which each parish ought to support of what is assessed upon the whole election, and that which each individual ought to support of what is assessed upon his particular parish, are both in the same manner varied from year to year according as circumstances are supposed to require. These circumstances are judged of in the one case by the officers of the election, in the other by those of the parish; and both the one and the other are more or less under the direction and influence of the intendant. Not only ignorance and misinformation, but friendship, party animosity, and private resentment are said frequently to mislead such assessors. No man subject to such a tax, it is evident, can ever be certain before he is assessed of what he is to pay. He cannot even be certain after he is assessed. If any person has been taxed who ought to have been exempted, or if any person has been taxed beyond his proportion, though both must pay in the meantime, yet if they complain and make good their complaints the whole parish is reimposed next year in order to reimburse them. If any of the contributors become bankrupt or insolvent, the collector is obliged to advance his tax, and the whole parish is reimposed next year in order to reimburse the collector. If the collector himself should become bankrupt, the parish which elects him must answer for his conduct to the receiver general of the election. But, as it might be troublesome for the receiver to prosecute the whole parish, he takes at his choice five or six of the richest contributors and obliges them to make good what had been lost by the insolvency of the collector. The parish is afterwards reimposed in order to reimburse those five or six. Such reimpositions are always over and above the taille of the particular year in which they are laid on.

When a tax is imposed upon the profits of stock in a particular branch of trade, the traders are all careful to bring no more goods to market than what they can sell at a price sufficient to reimburse them for advancing the tax. Some of them withdraw a part of their stocks from the trade, and the market is more sparingly supplied than before. The price of the goods rises, and the final payment of the tax falls upon the consumer. But when a tax is imposed upon the profits of stock employed in agriculture, it is not the interest of the farmers to withdraw any part of their stock from that employment. Each farmer occupies a certain quantity of land, for which he pays rent. For the proper cultivation of this land a certain quantity of stock is necessary, and by withdrawing any part of this necessary quantity, the farmer is not likely to be more able to pay either the rent or the tax. In order to pay the tax, it can never be his interest to diminish the quantity of his produce, nor consequently to supply the market more sparingly than before. The tax, therefore, will never enable him to raise the price of his produce so as to reimburse himself by throwing the final payment upon the consumer. The farmer, however, must have his reasonable profit as well as every other dealer, otherwise he must give up the trade. After the imposition of a tax of this kind he can get this reasonable profit only by paying less rent to the landlord. The more he is obliged to pay in the way of tax the less he can afford to pay in the way of rent. A tax of this kind imposed during the currency of a lease may, no doubt, distress or ruin the farmer. Upon the renewal of the lease it must always fall upon the landlord.

In the countries where the personal taille takes place, the farmer is commonly assessed in proportion to the stock which he appears to employ in cultivation. He is, upon this account, frequently afraid to have a good team of horses or oxen, but endeavours to cultivate with the meanest and most wretched instruments of husbandry that he can. Such is his distrust in the justice of his assessors that he counterfeits poverty, and wishes to appear scarce able to pay anything for fear of being

[1] *Mémoires concernant les droits*, etc., vol. ii, p. 17.

obliged to pay too much By this miserable policy he does not, perhaps always consult his own interest in the most effectual manner and he probably loses more by the diminution of his produce than he saves by that of his tax Though in consequence of this

[illegible]

[illegible] That the personal taille tends in many different ways to discourage cultivation and consequently to dry up the principal source of the wealth of every great [illegible]

Indian Islands annual taxes of so much a head upon every negro are properly taxes upon the profits of a certain species of stock employed in agriculture As the planters are the greater part of them both farmers and landlords the final payment of the tax falls upon them in their quality of landlords without any retribution

Taxes of so much a head upon the bond [illegible]

[illegible]

deed but that as he has some property he cannot himself be the property of a master A poll tax upon slaves is altogether different from a poll tax upon freemen The latter is [illegible]

one and the other the former though in some respects unequal different slaves being of different values is in no respect arbitrary Every master who knows the number of his own slaves knows exactly what he has to pay Those different taxes however being called by the same name have been considered as of the same nature

The taxes which in Holland are imposed upon men and maid servants are taxes not upon stock but upon expense and so far resemble the taxes upon consumable commodities The tax of a guinea a head for every man servant which has lately been imposed in Great Britain is of the same kind It falls heaviest upon the middling rank A man of two hundred a year may keep a single man servant. A man of ten thousand a year will not keep fifty It does not affect the poor

Taxes upon the profits of stock in particular employments can never affect the interest of money Nobody will lend his money for less interest to those who exercise the taxed than to those who exercise the untaxed employments Taxes upon the revenue arising from stock in all employments where the government attempts to levy them with any degree of exactness will in many cases fall upon the interest of money The *Vingtieme*

[illegible]

seems not to have raised the rate of those annuities though it is exactly levied upon them all

Appendix to Articles I and II

Taxes upon the Capital Value of Land Houses and Stock

While property remains in the possession of the same person whatever permanent taxes may have been imposed upon it they have [illegible]

frequently been imposed upon it as necessarily take away some part of its capital value

The transference of all sorts of property from the dead to the living and that of immovable property of lands and houses, from the living to the living are transactions which are in their nature either public and notorious or such as cannot be long concealed Su

transactions therefore, may be taxed directly. The transference of stock, or movable property, from the living to the living by the lending of money, is frequently a secret transaction and may always be made so It cannot easily, therefore, be taxed directly It has been taxed indirectly in two different ways first, by requiring that the deed containing the obligation to repay should be written upon paper or parchment which had paid a certain stamp-duty, otherwise not to be valid secondly, by requiring under the like penalty of invalidity, that it should be recorded either in a public or secret register, and by imposing certain duties upon such registration Stamp-duties and duties of registration have frequently been imposed likewise upon the deeds transferring property of all kinds from the dead to the living and upon those transferring immovable property from the living to the living transactions which might easily have been taxed directly

The *Vicesima Hereditatum* the twentieth penny of inheritances imposed by Augustus upon the ancient Romans was a tax upon the transference of property from the dead to the living Dion Cassius[1] the author who writes concerning it the least indistinctly, says that it was imposed upon all successions legacies and donations in case of death, except upon those to the nearest relations and to the poor

Of the same kind is the Dutch tax upon successions[2] Collateral successions are taxed according to the degree of relation from five to thirty per cent upon the whole value of the succession Testamentary donations or legacies to collaterals are subject to the like duties Those from husband to wife or from wife to husband to the fiftieth penny The *Luctuosa Hereditas* the mournful succession of ascendants to descendants to the twentieth penny only Direct successions or those *of descendants to ascendants pay no tax* The death of a father to such of his children as live in the same house with him is seldom attended with any increase and frequently with a considerable diminution of revenue

sion It may, however sometimes be otherwise with those children who in the language of the Roman law are said to be emancipated in that of the Scotch law, to be forisfamiliated that is, who have received their portion, have got families of their own, and are supported by funds separate and independent of those of their father Whatever part of his succession might come to such children would be a real addition to their fortune, and might therefore, perhaps, without more inconveniency than what attends all duties of this kind be liable to some tax

branches of the revenue of the crown

The heir of every immediate vassal of the

of the minor, and the payment of the widow's dower when there happened to be a dowager upon the land When the minor came to be of age, another tax called Relief was still due to the superior, which generally amounted likewise to a year's rent A long minority which in the present times so frequently disburdens a great estate of all its incumbrances and restores the family to their ancient splendour could in those times have no such effect The waste, and not the disincumbrance of the estate, was the common effect of a long minority

By the feudal law the vassal could not

part of the other feudal customs have gone into disuse this tax upon the alienation of land still continues to make a very considerable

not universal, and takes place only in certain districts But if any person sells his land in order to remove out of the territory he pays ten per cent upon the whole price of the sale[3] Taxes of the same kind upon the sale either of all lands or of lands held by certain tenures take place in many other countries and make a more or less considerable

[1] p 225

[2] *Memoires concernant les droits* etc., vol. i, p 154

[3] *Ibid*, p 157

branch of the revenue of the sovereign

Such transactions may be taxed indirectly by means either of stamp duties, or of duties upon registration and those duties either may or may not be proportioned to the value of the subject which is transferred

In Great Britain the stamp-duties are higher or lower, not so much according to the value of the property transferred (an eighteenpenny or half crown stamp being sufficient upon a bond for the largest sum of money) as according to the nature of the deed The highest do not exceed six pounds upon every sheet of paper or skin of parch

crown derives no revenue from them

In Holland[1] there are both stamp duties and duties upon registration which in some cases are, and in some are not, proportioned to the value of the property transferred All testaments must be written upon stamped paper of which the price is proportioned to the property disposed of so that there are stamps which cost from threepence or three stivers a sheet to three hundred florins equal to about twenty seven pounds ten shillings of our money *If the stamp is of an inferior* price to what the testator ought to have made use of, his succession is confiscated This is over and above all their other taxes on succession Except bills of exchange and some other mercantile bills all other deeds, bonds, and contracts are subject to a stamp-duty This duty, however, does not rise in proportion to the value of the subject All

tended to the sale of all ships and vessels of

In France there are both stamp-duties and

[1] *Ibid*, p 157

crown and are levied by a different set of officers

Those modes of taxation, by stamp duties and by duties upon registration, are of very modern invention In the course of little more than a century, however, stamp-duties have, in Europe, become almost universal, and duties upon registration extremely common There is no art which one government sooner learns of another than that of draining money

property is transferred Taxes upon the sale of land fall altogether upon the seller The

person and must, therefore be frequently very cruel and oppressive Taxes upon the sale of new built houses where the building is sold without the ground, fall generally upon the buyer, because the builder must generally have his profit otherwise he must give up the trade If he advances the tax, *therefore the buyer must generally repay it* to him Taxes upon the sale of old houses for the same reason as those upon the sale of land fall generally upon the seller, whom in most cases either conveniency or necessity obliges to sell The number of new built houses

upon the borrower and in fact, are always paid by him Duties of the same kind upon law proceedings fall upon the suitors They reduce to both the capital value of the subject in dispute The more it costs to acquire any property the less must be the net value of it when acquired

All taxes upon the transference of property of every kind, so far as they diminish the capital value of that property, tend to diminish the funds destined for the maintenance of productive labour They are all more or less unthrifty taxes that increase the revenue of the sovereign, which seldom maintains any but unproductive labourers, at the expense of the capital of the people, which maintains none but productive

Such taxes, even when they are proportioned to the value of the property transferred are still unequal, the frequency of transference not being always equal in property of equal value When they are not proportioned to this value, which is the case with the greater part of the stamp-duties and duties of registration they are still more so [illegible]

ment is in most cases sufficiently convenient for him When the payment becomes due, he must in most cases have the money to pay They are levied at very little expense and in general subject the contributors to no other inconveniency besides always the unavoidable one of paying the tax

In France the stamp-duties are not much complained of Those of registration which they call the *Contrôle* are They give occa [illegible]

inherent in the nature of such taxes If the popular complaints are well founded the abuse must arise not so much from the nature of the tax as from the want of precision and distinctness in the words of the edicts or laws which impose it

The registration of mortgages and in general of all rights upon immovable property as it gives great security both to creditors and purchasers, is extremely advantageous to the public That of the greater part of deeds of other kinds is frequently inconvenient and even dangerous to individuals without any advantage to the public All registers which, it is acknowledged ought to be kept secret, ought certainly never to exist. The credit of individuals ought certainly never to depend upon so very slender a security as the probity and religion of the inferior officers of revenue But where the fees of registration have been made a source of revenue to the sovereign register offices have commonly been multiplied without end, both for the deeds which ought to be registered and for those which ought not. In France there are several different sorts of secret registers This abuse though not perhaps a necessary, it must be acknowledged, is a very natural effect of such taxes

Such stamp-duties as those in England upon cards and dice upon newspapers and periodical pamphlets, etc., are properly taxes upon consumption the final payment falls upon the persons who use or consume such commodities Such stamp-duties as those upon licences to retail ale wine and spirituous liquors though intended perhaps, to fall upon the profits of the retailers, are likewise finally paid by the consumers of those liquors Such taxes though called by the same name, and levied by the same officers and in the same manner with the stamp-duties above mentioned upon the transference of property, are however of a quite different nature, and fall upon quite different funds

Article III

Taxes upon the Wages of Labour

The wages of the inferior classes of workmen, I have endeavoured to show in the first book are everywhere necessarily regulated by two different circumstances the demand for labour, and the ordinary or average price of provisions The demand for labour ac [illegible]

the workman in order to enable him one year with another to purchase this liberal moderate or scanty subsistence While the demand for labour and the price of provisions, [illegible] the same a direct tax upon [illegible] er effect [illegible] han the [illegible] at in a [illegible] our and [illegible] the price of provisions were such as to render ten shillings a week the ordinary wages of labour and that a tax of one fifth or four shillings in the pound was imposed upon wages If the demand for labour and the price

of provisions remained the same, it would still be necessary that the labourer should in that place earn such a subsistence as could be bought only for ten shillings a week free wages But in order to leave him such free wages after paying such a tax, the price of labour must in that place soon rise, not to twelve shillings a week only, but to twelve and sixpence, that is, in order to enable him

higher proportion If the tax, for example, was one-tenth, the wages of labour must necessarily soon rise, not one tenth part only, but one-eighth

A direct tax upon the wages of labour, therefore, though the labourer might perhaps pay it out of his hand, could not properly be said to be even advanced by him, at least if the demand for labour and the average price of provisions remained the same after the tax as before it In all such cases, not only the tax but something more than the tax would in reality be advanced by the person who immediately employed him The final payment would in different cases fall upon different persons The rise which such a tax might occasion in the wages of manufacturing labour would be advanced by the master manufacturer, who would both be

by the farmer, who, in order to maintain the same number of labourers as before, would

portion, or what comes to the same thing,

upon the wages of labour must, in the long run, occasion both a greater reduction in the rent of land, and a greater rise in the price of manufactured goods, than would have followed from the proper assessment of a sum equal to the produce of the tax partly upon the rent of land, and partly upon consumable commodities

If direct taxes upon the wages of labour have not always occasioned a proportionable rise in those wages, it is because they have generally occasioned a considerable fall in the demand for labour The declension of industry, the decrease of employment for the poor, the diminution of the annual produce of the land and labour of the country, have generally been the effects of such taxes In consequence of them, however, the price of labour must always be higher than it otherwise would have been in the actual state of the demand and this enhancement of price, together with the profit of those who advance it, must always be finally paid by the landlords and consumers

A tax upon the wages of country labour *does not raise the price of the rude produce of land in proportion to the tax*, for the same reason that a tax upon the farmer's profit does not raise that price in that proportion

Absurd and destructive as such taxes are, *however, they take place in many countries* In France that part of the taille which is charged upon the industry of workmen and day labourers in country villages is properly a tax of this kind Their wages are computed

The tax of each individual is varied from year to year according to different circumstances, of which the collector or the commissary whom the intendant appoints to assist him are the judges In Bohemia, in consequence of the alteration in the system of finances which was begun in 1748, a very heavy tax is imposed upon the industry of artificers They are divided into four classes The highest class pay a hundred florins a year which, at two and twenty pence halfpenny a florin, amounts to £9 7s 6d The second class are taxed at seventy, the third at fifty, and the fourth, comprehending artificers in villages, and the lowest class of those in towns, at twenty-five florins[2]

The recompense of ingenious artists and of men of liberal professions, I have endeavoured to show in the first book, necessarily keeps a certain proportion to the emoluments of inferior trades A tax upon this recompense,

[1] *Mémoires concernant les droits*, etc., vol ii, p 108

[2] *Ibid.*, vol iii, p 87.

would be so much deserted that they would soon return to that level

The emoluments of offices are not, like those of trades and professions, regulated by the free competition of the market and do not therefore always bear a just proportion to what the nature of the employment requires They are, perhaps in most countries, higher than it requires the persons who have the administration of government being generally disposed to reward both themselves and their immediate dependants rather more than enough The emoluments of offices therefore, can in most cases very well bear to be taxed The persons, besides who enjoy public offices especially the more lucrative are in all countries the objects of general envy and a tax upon their emoluments, even though it should be somewhat higher than upon any other sort of revenue is always a very popular tax In England for example when by the land tax every other sort of revenue was supposed to be assessed at four shillings in the pound it was very popular to lay a real tax of five shillings and sixpence in the pound upon the salaries of offices which exceeded a hundred pounds a year, the pensions of the younger branches of the royal family the pay of the officers of the army and navy and a few others less obnoxious to envy excepted. There are in England no other direct taxes upon the wages of labour

Article IV

Taxes which it is intended should fall indifferently upon every different Species of Revenue

The taxes which it is intended should fall indifferently upon every different species of revenue are capitation taxes and taxes upon consumable commodities These must be paid indifferently from whatever revenue the contributors may possess from the rent of their land from the profits of their stock, or from the wages of their labour

Capitation Taxes

Capitation taxes if it is attempted to proportion them to the fortune or revenue of each contributor become altogether arbitrary The state of a man's fortune varies from day to day and without an inquisition more intolerable than any tax and renewed at least once every year can only be guessed at His assessment therefore must in most

not to the supposed fortune but to the rank of each contributor become altogether unequal the degrees of fortune being frequently unequal in the same degree of rank

Such taxes therefore if it is attempted to render them equal become altogether arbitrary and uncertain and if it is attempted to render them certain and not arbitrary become altogether unequal Let the tax be light or heavy, uncertainty is always a great

their rank as *dukes marquisses earls viscounts, barons esquires gentlemen* the eldest and youngest sons of peers etc All shopkeepers and tradesmen worth more than three hundred pounds that is the better sort of them were subject to the same assessment, how great soever might be the difference in *their fortunes Their rank was more considered than their fortune* Several of those who in the first poll tax were rated according to their supposed fortune were afterwards rated according to their rank Serjeants attorneys and proctors at law, who in the first poll tax were assessed at three shillings in the pound of their supposed income were afterwards assessed as gentlemen In the assessment of a tax which was not very heavy a considerable degree of inequality had been found less insupportable than any degree of uncertainty

In the capitation which has been levied in France without any interruption since the beginning of the present century the highest orders of people are rated according to their rank by *an invariable tariff* the lower orders of people according to what is supposed to be their fortune by an assessment which varies from year to year The officers of the king's court the judges and other officers in the superior courts of justice the officers of the troops etc are assessed in the first manner The inferior ranks of people in the provinces are assessed in the second In France the great easily submit to a con

the usage which their superiors think proper to give them

In England the different poll taxes never produced the sum which had been expected

from them or which it was supposed they might have produced had they been exactly levied In France the capitation always produces the sum expected from it The mild government of England when it assessed the different ranks of people to the poll tax contented itself with what that assessment happened to produce and required no compensation for the loss which the state might sustain either by those who could not pay, or by those who would not pay (for there were many such) and who by the indulgent execution of the law were not forced to pay The more severe government of France assesses upon each generality a certain sum which the intendant must find as he can If any province complains of being assessed too high it may in the assessment of next year obtain an abatement proportioned to the overcharge of the year before But it must pay in the meantime The intendant

subject to the taille who are assessed to the capitation at so much a pound of what they pay to that other tax

Capitation taxes so far as they are levied upon the lower ranks of people are direct taxes upon the wages of labour and are attended with all the inconveniences of such taxes

Capitation taxes are levied at little expense and where they are rigorously exacted afford a very sure revenue to the state It is upon this account that in countries where

revenue which in a great empire has ever been drawn from such taxes and the greatest sum which they have ever afforded might always have been found in some other way much more convenient to the people

Taxes upon Consumable Commodities

The impossibility of taxing the people in proportion to their revenue by any capitation seems to have given occasion to the invention of taxes upon consumable commodities The state not knowing how to tax directly and proportionably, the revenue of its subjects endeavours to tax it indirectly by taxing their expense which it is supposed will in most cases be nearly in proportion to their revenue Their expense is taxed by taxing the consumable commodities upon which it is laid out

Consumable commodities are either necessaries or luxuries

By necessaries I understand not only the commodities which are indispensably necessary for the support of life but whatever the custom of the country renders it indecent for creditable people even of the lowest order to be without A linen shirt for

labourer would be ashamed to appear in public without a linen shirt the want of which would be supposed to denote that disgraceful degree of poverty which it is presumed nobody can well fall into without extreme bad conduct Custom in the same manner has rendered leather shoes a neces

life to the lowest order of men but not to the same order of women who may without any discredit walk about barefooted In France they are necessaries neither to men nor to women the lowest rank of both sexes appearing there publicly without any discredit sometimes in wooden shoes and sometimes barefooted Under necessaries therefore I comprehend not only those things which nature but those things which the established rules of decency have rendered necessary to the lowest rank of people All other things I call luxuries without meaning by this appellation to throw the smallest degree of reproach upon the temperate use of them Beer and ale for example in Great Britain

them

As the wages of labour are everywhere regulated partly by the demand for it and partly by the average price of the necessary articles of subsistence whatever raises this average price must necessarily raise those wages so that the labourer may still be able

to purchase that quantity of those necessary articles which the state of the demand for labour, whether increasing, stationary, or declining, requires that he should have.[1] A tax upon those articles necessarily raises their price somewhat higher than the amount of the tax, because the dealer who advances the tax must generally get it back with a profit. Such a tax must, therefore, occasion a rise in the wages of labour proportionable to this rise of price.

It is thus that a tax upon the necessaries of life operates exactly in the same manner as a direct tax upon the wages of labour. The labourer, though he may pay it out of his hand, cannot, for any considerable time at least, be properly said even to advance it. It must always in the long run be advanced to him by his immediate employer in the advanced rate of his wages. His employer, if he is a manufacturer, will charge upon the price of his goods this rise of wages, together with a profit; so that the final payment of the tax, together with this overcharge, will fall upon the consumer. If his employer is a farmer, the final payment, together with a like overcharge, will fall upon the rent of the landlord.

It is otherwise with taxes upon what I call luxuries, even upon those of the poor. The rise in the price of the taxed commodities will not necessarily occasion any rise in the wages of labour. A tax upon tobacco, for example, though a luxury of the poor as well as of the rich, will not raise wages. Though it is taxed in England at three times, and in France at fifteen times its original price, those high duties seem to have no effect upon the wages of labour. The same thing may be said of the taxes upon tea and sugar, which in England and Holland have become luxuries of the lowest ranks of people; and of those upon chocolate, which in Spain is said to have become so. The different taxes which in Great Britain have in the course of the present century been imposed upon spirituous liquors are not supposed to have had any effect upon the wages of labour. The rise in the price of porter, occasioned by an additional tax of three shillings upon the barrel of strong beer, has not raised the wages of common labour in London. These were about eighteen pence and twenty pence a day before the tax, and they are not more now.

The high price of such commodities does not necessarily diminish the ability of the inferior ranks of people to bring up families. Upon the sober and industrious poor, taxes upon such commodities act as sumptuary laws, and dispose them either to moderate, or to refrain altogether from the use of superfluities which they can no longer easily afford. Their ability to bring up families, in consequence of this forced frugality, instead of being diminished, is frequently, perhaps, increased by the tax. It is the sober and industrious poor who generally bring up the most numerous families, and who principally supply the demand for useful labour. All the poor, indeed, are not sober and industrious, and the dissolute and disorderly might continue to indulge themselves in the use of such commodities after this rise of price in the same manner as before, without regarding the distress which this indulgence might bring upon their families. Such disorderly persons, however, seldom rear up numerous families, their children generally perishing from neglect, mismanagement, and the scantiness or unwholesomeness of their food. If by the strength of their constitution they survive the hardships to which the bad conduct of their parents exposes them, yet the example of that bad conduct commonly corrupts their morals; so that, instead of being useful to society by their industry, they become public nuisances by their vices and disorders. Though the advanced price of the luxuries of the poor, therefore, might increase somewhat the distress of such disorderly families, and thereby diminish somewhat their ability to bring up children, it would not probably diminish much the useful population of the country.

Any rise in the average price of necessaries, unless it is compensated by a proportionable rise in the wages of labour, must necessarily diminish more or less the ability of the poor to bring up numerous families, and consequently to supply the demand for useful labour; whatever may be the state of that demand, whether increasing, stationary, or declining, or such as requires an increasing, stationary, or declining population.

Taxes upon luxuries have no tendency to raise the price of any other commodities except that of the commodities taxed. Taxes upon necessaries, by raising the wages of labour, necessarily tend to raise the price of all manufactures, and consequently to diminish the extent of their sale and consumption. Taxes upon luxuries are finally paid by the consumers of the commodities taxed, without any retribution. They fall indifferently upon every species of revenue, the wages of labour, the profits of stock, and the rent of land. Taxes upon necessaries, so far as they affect the labouring poor, are finally paid partly by landlords in the diminished rent of their lands, and partly by rich consumers, whether landlords or others, in the advanced price of manufactured goods; and always with a considerable overcharge. The

[1] See Bk. i, ch. 8.

advanced price of such manufactures as are real necessaries of life, and are destined for the consumption of the poor, of coarse woollens, for example, must be compensated to the poor by a further advancement of their wages The middling and superior ranks of people, if they understand their own interest, ought always to oppose all taxes upon the

upon themselves, and always with a considerable overcharge They fall heaviest upon the landlords, who always pay in a double capac ity; in that of landlords by the reduction of their rent, and in that of rich consumers by the increase of their expense The observation of Sir Matthew Decker, that certain taxes are, in the price of certain goods, sometimes repeated and accumulated four or five times, is perfectly just with regard to taxes upon the necessaries of life In the price of leather, for example, you must pay not only for the tax upon the leather of your own shoes, but for a part of that upon those of the shoemaker and the tanner You must pay, too, for the tax upon the salt, upon the soap, and upon the candles which those workmen consume while employed in your service, and for the tax upon the leather which the salt maker, the soap-maker, and the candle-maker consume while employed in their service

In Great Britain, the principal taxes upon the necessaries of life are those upon the four commodities just now mentioned, salt, leather, soap, and candles

Salt is a very ancient and a very universal subject of taxation It was taxed among the

very sensibly even a pretty heavy tax upon it It is in England taxed at three shillings and fourpence a bushel—about three times the original price of the commodity In some other countries the tax is still higher Leather is a real necessary of life The use of linen renders soap such In countries where the winter *nights are long* candles are a necessary instrument of trade Leather and soap are in Great Britain taxed at three halfpence a pound, candles at a penny taxes which upon the original price of leather may amount to about eight or ten per cent upon that of

necessaries of life, such heavy taxes upon them must increase somewhat the expense of the sober and industrious poor, and must consequently raise more or less the wages of their labour

In a country where the winters are so cold as in Great Britain, fuel is, during that season, in the strictest sense of the word, a necessary of life, not only for the purpose of dressing victuals, but for the comfortable subsistence of many different sorts of workmen who work within doors, and coals are the cheapest of all fuel The price of fuel has so important an influence upon that of labour that all over Great Britain manufactures have confined themselves principally to the

sary instrument of trade as in those of glass, iron, and all other metals If a bounty could in any case be reasonable, it might perhaps be so upon the transportation of coals from those parts of the country in which they abound to those in which they are wanted But the legislature, instead of a bounty, has imposed a tax of three shillings and three pence a ton upon coal carried coastways, which upon most sorts of coal is more than sixty per cent of the original price at the coal pit Coals carried either by land or by inland navigation pay no duty Where they are naturally cheap, they are consumed duty free where they are naturally dear, they are loaded with a heavy duty

Such taxes, though they raise the price of

fore be good reasons for continuing them The bounty upon the exportation of corn, so far as it tends in the actual state of tillage to raise the price of that necessary article, produces all the like bad effects and instead of affording any revenue, frequently occasions a very great expense to government The high duties upon the importation of foreign corn, which in years of moderate plenty amount to a prohibition, and the absolute prohibition of the importation either of live cattle or of salt provisions which takes place in the ordinary state of the law, and which, on account of the scarcity, is at present suspended for a limited time with regard to Ireland and the British plantations, have all the bad effects of taxes upon the necessaries of life, and produce no revenue to government Nothing seems necessary for the repeal of such regulations but to convince the public of the futility of that system in

consequence of which they have been established

Taxes upon the necessaries of life are much higher in many other countries than in Great Britain Duties upon flour and meal when ground at the mill and upon bread when baked at the oven, take place in many countries In Holland the money price of the bread consumed in towns is supposed to be doubled by means of such taxes In lieu of a part of them, the people who live in the country pay every year so much a head according to the sort of bread they are supposed to consume Those who consume wheaten bread pay three guilders fifteen stivers—about six shillings and ninepence halfpenny These, and some other taxes of the same kind by raising the price of labour, are said to have ruined the greater part of the manufactures of Holland[1] Similar taxes though not quite so heavy take place in the Milanese in the states of Genoa in the duchy of Modena, in the duchies of Parma, Placentia, and Guastalla and in the ecclesiastical state A French[2] author of some note has proposed to reform the finances of his country by substituting in the room of the greater part of other taxes this most ruinous of all taxes There is nothing so absurd says Cicero which has not sometimes been asserted by philosophers.

Taxes upon butchers meat are still more common than those upon bread It may indeed be doubted whether butchers meat is anywhere a necessary of life Grain and other vegetables with the help of milk cheese and butter or oil where butter is not to be had, it is known from experience can without any butchers meat afford the most plentiful the most wholesome the most nourishing, and the most invigorating diet Decency nowhere requires that any man should eat butchers meat as it in most places requires that he should wear a linen shirt or a pair of leather shoes

Consumable commodities whether necessaries or luxuries may be taxed in two different ways The consumer may either pay an annual sum on account of his using or consuming goods of a certain kind or the goods may be taxed while they remain in the hands of the dealer and before they are delivered to the consumer The consumable goods which last a considerable time before they are consumed altogether are most properly taxed in the one way those of which the consumption is either immediate or more speedy in the other The coach tax and plate tax are examples of the former method of imposing the greater part of the other duties of excise and customs of the latter

A coach may, with good management, last ten or twelve years It might be taxed, once for all, before it comes out of the hands of the coachmaker But it is certainly more convenient for the buyer to pay four pounds a year for the privilege of keeping a coach than to pay all at once forty or forty-eight pounds additional price to the coachmaker or a sum equivalent to what the tax is likely to cost him during the time he uses the same coach A service of plate, in the same manner, may last more than a century It is certainly easier for the consumer to pay five shillings a year for every hundred ounces of plate near one per cent of the value than to redeem this long annuity at five-and twenty or thirty years' purchase which would enhance the price at least five-and twenty or thirty per cent The different taxes which affect houses are certainly more conveniently paid by moderate annual payments than by a heavy tax of equal value upon the first building or sale of the house

It was the well known proposal of Sir Matthew Decker that all commodities, even those of which the consumption is either immediate or very speedy, should be taxed in this manner the dealer advancing nothing but the consumer paying a certain annual sum for the licence to consume certain goods. The object of his scheme was to promote all the different branches of foreign trade particularly the carrying trade, by taking away all duties upon importation and exportation, and thereby enabling the merchant to employ his whole capital and credit in the purchase of goods and the freight of ships no part of either being diverted towards the advancing of taxes The project however of taxing in this manner, goods of immediate or speedy consumption seems liable to the four following very important objections First the tax would be more unequal or not so well proportioned to the expense and consumption of the different contributors as in the way in which it is commonly imposed The taxes upon ale wine and spirituous liquors which are advanced by the dealers, are finally paid by the different consumers exactly in proportion to their respective consumption But if the tax were to be paid by purchasing a licence to drink those liquors, the sober would in proportion to his consumption, be taxed much more heavily than the drunken consumer A family which exercised great hospitality would be taxed much more lightly than one who entertained fewer guests Secondly this mode of taxation by paying for an annual half yearly, or quarterly licence to consume certain goods, would diminish

[1] *Memoires concernant les droits* etc pp 210 211

[2] *Le Reformateur*

very much one of the principal conveniences

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himself with a pint, and, as a pe... d is a penny got, he thus gains a farthing by his temperance He pays the tax piecemeal as he can afford to pay it and when he can afford to pay it and every act of payment is perfectly voluntary, and what he can avoid if he chooses to do so Thirdly, such taxes would operate less as sumptuary laws When the licence was once purchased whether the purchaser drank much or drank little, his tax would be the same Fourthly, if a workman were to pay all at once, by yearly, half yearly, or quarterly payments a tax equal to what he at present pays with little or no inconveniency, upon all the different

consumption are taxed in this ... Holland people pay so much a head for a licence to drink tea I have already mentioned a tax upon bread which so far as it is consumed in farm houses and country villages is there levied in the same manner

The duties of excise are imposed briefly upon goods of home produce destined for home consumption They are imposed only upon a few sorts of goods of the most general use There can never be any doubt either concerning the goods which are subject to those duties or concerning the particular duty which each species of goods is subject to They fall almost altogether upon what I call luxuries excepting always the four duties above mentioned upon salt soap, leather, candles, and perhaps that upon green glass

The duties of customs are much more ancient than those of excise They seem to

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inhabitants of burghs, were considered as little better than emancipated bondmen, whose persons were despised, and whose gains were envied The great nobility, who had consented that the king should tallage the profits of their own tenants were not unwilling that he should tallage likewise those of an order of men whom it was much less their interest to protect In those ignorant ... that the profits direct- ll such taxes must fall ... e over-charge, upon the consumers

The gains of alien merchants were looked upon more unfavourably than those of English merchants It was natural therefore that those of the former should be taxed more heavily than those of the latter This distinction between the duties upon aliens and those upon English merchants which

of customs were imposed equally upon all

should the merchant exporter be more favoured than the merchant importer?

The ancient customs were divided into three branches The first, and perhaps the most ancient of all those duties, was that upon wool and leather It seems to have been chiefly or altogether an exportation duty When the woollen manufacture came to be established in England lest the king should lose any part of his customs upon wool by the exportation of woollen cloths, a like duty was imposed upon them The other two branches were first, a duty upon wine, ... was ... upon ... it so much a pound of their supposed value was called a poundage In the forty seventh year of Edward III a duty of sixpence in the

but three years afterwards it was ... reduced to sixpence It was raised to eight pence in the second year of Henry IV, and in the fourth year of the same prince to one shilling From this time to the ninth year of William III this duty continued at

one shilling in the pound The duties of tonnage and poundage were generally granted to the king by one and the same Act of Parliament, and were called the Subsidy of Tonnage and Poundage The Subsidy of Poundage having continued for so long a time at one shilling in the pound, or at five per cent, a subsidy came, in the language of the customs, to denote a general duty of this kind of five per cent This subsidy, which is now called the Old Subsidy still continues to be levied according to the book of rates established in the twelfth of Charles II The method of ascertaining by a book of rates, the value of goods subject to this duty is said to be older than the time of James I The New Subsidy imposed by the ninth and tenth of William III was an additional five per cent upon the greater part of goods The One third and the Two-third Subsidy made up between them another five per cent of which they were proportionable parts The Subsidy of 1747 made a fourth five per cent upon the greater part of goods and that of 1759 a fifth upon some particular sorts of goods Besides those five subsidies a great variety of other duties have occasionally been imposed upon particular sorts of goods in order sometimes to relieve the exigencies of the state and sometimes to regulate the trade of the country according to the principles of the mercantile system

That system has come gradually more and more into fashion The Old Subsidy was imposed indifferently upon exportation as well as importation The four subsequent subsidies as well as the other duties which have been occasionally imposed upon particular sorts of goods have with a few exceptions been laid altogether upon importation The greater part of the ancient duties which had been imposed upon the exportation of the goods of home produce and manufacture have either been lightened or taken away altogether In most cases they have been taken away Bounties have even been given upon the exportation of some of them Drawbacks too sometimes of the whole and, in most cases of a part of the duties which are paid upon the importation of foreign goods have been granted upon their exportation Only half the duties imposed by the Old Subsidy upon importation are drawn back upon exportation but the whole of those imposed by the latter subsidies and other imposts are, upon the greater part of goods drawn back in the same manner This growing favour of exportation and discouragement of importation have suffered only a few exceptions, which chiefly concern the materials of some manufactures These our merchants and manufacturers are willing should come as cheap as possible to themselves and as dear as possible to their rivals and competitors in other countries Foreign materials are, upon this account sometimes allowed to be imported duty free Spanish wool, for example, flax, and raw linen yarn The exportation of the materials of home produce and of those which are the particular produce of our colonies, has sometimes been prohibited and sometimes subjected to higher duties The exportation of English wool has been prohibited That of beaver skins, of beaver wool, and of gum Senega has been subjected to higher duties Great Britain, by the conquest of Canada and Senegal having got almost the monopoly of those commodities

That the mercantile system has not been very favourable to the revenue of the great body of the people, to the annual produce of the land and labour of the country, I have endeavoured to show in the fourth book of this Inquiry It seems not to have been more favourable to the revenue of the sovereign, so far at least as that revenue depends upon the duties of customs

In consequence of that system the importation of several sorts of goods has been prohibited altogether This prohibition has in some cases entirely prevented and in others has very much diminished the importation of those commodities by reducing the importers to the necessity of smuggling It has entirely prevented the importation of foreign woollens and it has very much diminished that of foreign silks and velvets In both cases it has entirely annihilated the revenue of customs which might have been levied upon such importation

The high duties which have been imposed upon the importation of many different sorts of foreign goods in order to discourage their consumption in Great Britain have in many cases served only to encourage smuggling and in all cases have reduced the revenue of the customs below what more moderate duties would have afforded The saying of Dr Swift that in the arithmetic of the customs two and two instead of making four make sometimes only one holds perfectly true with regard to such heavy duties which never could have been imposed had not the mercantile system taught us in many cases to employ taxation as an instrument, not of revenue but of monopoly

The bounties which are sometimes given upon the exportation of home produce and manufactures and the drawbacks which are paid upon the re-exportation of the greater part of foreign goods, have given occasion to many frauds, and to a species of smuggling more destructive of the public revenue than

any other In order to obtain the bounty or drawback the goods, it is well known are sometimes shipped and sent to sea but soon afterwards clandestinely relanded in some other part of the country The defalcation of the revenue of customs occasioned by the bounties and drawbacks, of which a great

that year there was no bounty upon corn, amounted to £167 800 The drawbacks which were paid upon debentures and certificates, to £2 156 800 Bounties and drawbacks together amounted to £2 324 600 In consequence of these deductions the revenue of the customs amounted only to £2,743,400 from which, deducting £287,900 for the expense of management in salaries and other incidents the net revenue of the customs for that year comes out to be £2 455 500 The expense of management amounts in this manner to between five and six per cent upon the gross revenue of the customs, and to something more than ten per cent upon what remains of that revenue after deducting what is paid away in bounties and drawbacks

Heavy duties being imposed upon almost all goods imported, our merchant importers smuggle as much and make entry of as little as they can Our merchant exporters on the contrary, make entry of more than they

different frauds appear upon the custom house books greatly to overbalance our imports to the unspeakable comfort of those politicians who measure the national prosperity by what they call the balance of trade

All goods imported unless particularly exempted and such exemptions are not very numerous are liable to some duties of customs If any goods are imported not mentioned in the book of rates they are taxed at 4s $9\frac{9}{20}$d for every twenty shillings value, according to the oath of the importer that is nearly at five subsidies or five poundage duties The book of rates is extremely comprehensive and enumerates a great variety of articles many of them little used and therefore not well known It is upon this account frequently uncertain under what article a particular sort of goods ought to be classed, and consequently what duty they ought to pay Mistakes with regard to this sometimes ruin the custom house officer and frequently occasion much trouble expense and vexation to the importer In point of perspicuity, precision, and distinctness therefore, the duties of customs are much more inferior to those of excise

In order that the greater part of the members of any society should contribute to the public revenue in proportion to their respective expense it does not seem necessary that every single article of that expense should be taxed The revenue which is levied by the duties of excise is supposed to fall as equally upon the contributors as that which is levied by the duties of customs and the duties of excise are imposed upon a few articles only of the most general use and consumption It has been the opinion of many people that,

perhaps, at present, the greater part of the revenue which is drawn from the duties of customs The taxes which at present subsist upon foreign manufactures, if you except those upon the few contained in the foregoing enumeration have the greater part of them been imposed for the purpose, not of revenue but of monopoly, or to give our own

moderate taxes

When the diminution of revenue is the effect of the diminution of consumption there can be but one remedy, and that is the lowering of the tax

When the diminution of the revenue is the

smuggling The temptation to smuggle can be diminished only by the lowering of the tax, and the difficulty of smuggling can be increased only by establishing that system of administration which is most proper for preventing it

The excise laws, it appears, I believe, from experience, obstruct and embarrass the operations of the smuggler much more effectually than those of the customs By introducing into the customs a system of administration as similar to that of the excise as the nature of the different duties will admit, the difficulty of smuggling might be very much increased This alteration, it has been supposed by many people might very easily

key of the custom house officer, and never to be opened but in his presence If the merchant carried them to his own private warehouse, the duties to be immediately paid, and *never afterwards to be drawn back* and that warehouse to be at all times subject to the visit and examination of the custom house officer in order to ascertain how far the quantity contained in it corresponded with that for which the duty had been paid If he carried them to the public warehouse no duty to be paid till they were taken out for home consumption If taken out for exportation to be duty free proper security being always given that they should be so exported The dealers in those particular commodities, either by wholesale or retail, to be at all times subject to the visit and examination of the custom house officer and to be obliged to justify by proper certificates the payment of the duty upon the whole quantity contained in their shops or warehouses What are called the excise-duties upon rum imported are at present levied in this manner and the same system of administration might perhaps be extended to all duties upon goods imported provided always that those duties were, like the duties of excise confined to a few sorts of goods of the most general use and consumption If they were extended to almost all sorts of goods as at present public

trusted by the merchant ... but his own

If by such a system of administration smuggling, to any considerable extent, could be

afford the greatest revenue to the state, taxation being always employed as an instrument of revenue and never of monopoly, it seems not improbable that a revenue at least equal to the present net revenue of the customs might be drawn from duties upon the importation of only a few sorts of goods of the

revenue at present loses by drawbacks upon the re-exportation of foreign goods which are afterwards relanded and consumed at home would under this system be saved altogether If to this saving which would alone be very considerable, were added the abolition of all bounties upon the exportation of home produce in all cases in which those bounties were not in reality drawbacks of some duties of excise which had before been advanced it cannot well be doubted but that the net revenue of customs might after an alteration of this kind be fully equal to what it had ever been before

If by such a change of system the public revenue suffered no loss the trade and manufactures of the country would certainly gain a very considerable advantage The trade in the commodities not taxed by far the greatest number would be perfectly free and might be carried on to and from all parts of the world with every possible advantage

importation of the necessaries of life reduced their average money price in the home market it would reduce the money price of labour but without reducing in any respect its real recompense The value of money is in proportion to the quantity of the necessaries of life which it will purchase That of the necessaries of life is altogether independent of the quantity of money which can be had for them The reduction in the money price ... attended with

hibit the importation of foreign ...

velvets The cheapness of their goods would secure to our own workmen not only the possession of the home, but a very great command of the foreign market Even the trade in the commodities taxed would be carried on with much more advantage than at present If those commodities were delivered out of the public warehouse for foreign exportation, being in this case exempted from all taxes, the trade in them would be perfectly free The carrying trade in all sorts of goods

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the foreign trade of consumption even in the taxed commodities might in this manner be carried on with much more advantage than it can be at present

It was the object of the famous excise scheme of Sir Robert Walpole to establish, with regard to wine and tobacco, a system

to be meant as an introduction to a more extensive scheme of the same kind, faction, combined with the interest of smuggling merchants, raised so violent though so unjust, a clamour against that bill that the minister thought proper to drop it, and from a dread of exciting a clamour of the same kind, none of his successors have dared to resume the project

The duties upon foreign luxuries imported for home consumption, though they sometimes fall upon the poor, fall principally upon people of middling or more than middling fortune Such are, for example, the duties upon foreign wines, upon coffee, chocolate, tea, sugar, etc

The duties upon the cheaper luxuries of home produce destined for home consumption fall pretty equally upon people of all ranks in proportion to their respective expense The poor pay the duties upon malt, hops, beer, and ale, upon their own consumption the rich, upon both their own consumption and that of their servants

The whole consumption of the inferior ranks of people, or of those below the middling rank, it must be observed, is in every country much greater, not only in quantity, but in value, than that of the middling and of those above the middling rank The whole expense of the inferior is much greater than

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mon labourers sometimes possessing in property an acre or two of land Though the expense of those inferior ranks of people, therefore, taking them individually, is very small, yet the whole mass of it, taking them collectively, amounts always to by much the largest portion of the whole expense of the society what remains of the annual produce

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portion of it The excise upon the materials and manufacture of home made fermented and spirituous liquors is accordingly, of all the different taxes upon expense, by far the most productive, and this branch of the ex- falls very much perhaps principally,

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of any tax upon their necessary expense would fall altogether upon the superior ranks of people upon the smaller portion of the annual produce, and not upon the greater Such a tax must in all cases either raise the wages of labour, or lessen the demand for

lessen the demand for labour without lessening the annual produce of the land and labour of the country, the fund from which all taxes must be *finally* paid Whatever might be the state to which a tax of this kind reduced the demand for labour, it must always raise wages higher than they otherwise would be in that state, and the final payment of this enhancement of wages must in all cases fall upon the superior ranks of people

Fermented liquors brewed, and spirituous liquors distilled, not for sale, but for private use, are not in Great Britain liable to any duties of excise This exemption, of which the object is to save private families from the odious visit and examination of the tax- ... se duties ... the rich ... ed, very ... hough it is done sometimes But in the country many ... o must have his profit upon the tax as well as ...

can be drunk by the common people, to whom it is everywhere more convenient to buy their beer, by little and little, from the brewery or the alehouse Malt, in the same manner, that is made for the use of a private family is not liable to the visit or examination of the tax gatherer, but in this case the family must compound at seven shillings and sixpence a head for the tax Seven shillings and sixpence are equal to the excise upon ten bushels of malt—a quantity fully equal to what all the different members of any sober family, men, women, and children, are at an average likely to consume But in rich and great families, where country hospitality is much practised, the malt liquors consumed by the members of the family make but a small part of the consumption of the house Either on account of this composition however, or for other reasons it is not near so common to malt as to brew for private use It is difficult to imagine any equitable reason why those who either brew or distil for private use should not be subject to a composition of the same kind

A greater revenue than what is at present drawn from all the heavy taxes upon malt, beer, and ale might be raised, it has frequently been said, by a much lighter tax upon malt, the opportunities of defrauding the revenue being much greater in a brewery than in a malt-house, and those who brew for private use being exempted from all duties or composition for duties, which is not the case with those who malt for private use

In the porter brewery of London a quarter of malt is commonly brewed into more than ... different taxes upon malt, beer, and ale amount to between twenty-six and thirty shillings upon the produce of a quarter of malt In the country brewery for common country sale a quarter of malt is seldom brewed into less than two barrels of strong and one barrel of small beer, frequently into two barrels and a half of strong beer The ... and ale cannot be estimated at less than twenty-four or twenty five shillings upon the ... present drawn from all those heavier ...

Under the old malt tax, indeed, is comprehended a tax of four shillings upon the hogshead of cyder, and another of ten shillings upon the barrel of mum In 1774, the tax upon cyder produced only £3083 6s 8d It probably fell somewhat short of its usual amount, all the different taxes upon cyder having, that year, produced less than ordi- ... hogshead of verjuice, thirty, ... shillings and ninepence upon the hogshead ... of eleven

	£	s.	d.
In 1772, the old malt-tax produced	722,023	11	11
The additional	356,776	7	9¾
In 1773, the old tax produced	561,627	3	7½
The additional	278,650	15	3¾
In 1774, the old tax produced	624,614	17	5¼
The additional	310,745	2	8½
In 1775, the old tax produced	657,357	0	8¼
The additional	323,785	12	6¼
	4)3,835,580	12	0¾
Average of these four years	958,895	3	0 3/16
In 1772, the country excise produced	1,243,128	5	3
The London brewery	408,260	7	2¾
In 1773, the country excise	1,245,808	3	3
The London brewery	405,406	17	10½
In 1774, the country excise	1,246,373	14	5½
The London brewery	320,601	18	0¼
In 1775, the country excise	1,214,583	6	1
The London brewery	463,670	7	0¼
	4)6,547,832	19	2¼
Average of these four years	1,636,958	4	9½
To which adding the average malt-tax, or	958,895	3	0 3/16
The whole amount of those different taxes comes out to be	2,595,853	7	9 11/16
But by tripling the malt tax, or by raising it from six to eighteen shillings upon the quarter of malt, that single tax would produce	2,876,685	9	0 9/16
A sum which exceeds the foregoing by	280,832	1	2 14/16

ably much more than counterbalance that of the duties imposed by what is called the annual malt tax upon cyder and mum

Malt is consumed not only in the brewery of beer and ale, but in the manufacture of low wines and spirits If the malt tax were to be raised to eighteen shillings upon the quarter, it might be necessary to make some abatement in the different excises which are imposed upon those particular sorts of low wines and spirits of which malt makes any [illegible] called malt [illegible] d part [illegible] being [illegible] y and one-third wheat In the distillery of malt [illegible]

greater value of the commodity, and the temptation on account of the superior height of the duties, which amount to 5s. 10 2/3d [1] upon the gallon of spirits By increasing the duties upon malt, and reducing those upon [illegible]

It has for some time past been the policy of Great Britain to discourage the consumption of spirituous liquors, on account of their supposed tendency to ruin the health and to corrupt the morals of the common people. According to this policy, the abatement of the taxes upon the distillery ought not to be so great as to reduce, in any respect, the price of those liquors Spirituous liquors might remain as dear as ever, while at the same time the wholesome and invigorating [illegible]

[1] Though the duties directly imposed upon proof spirits amount only to 2s 6d per gallon, these added to the duties [illegible] which they are distilled amount to 5s 10 2/3d. Both low wines and proof spirits are, to prevent frauds, now rated according to what they gauge [illegible]

alteration in the present system of excise duties seem to be without foundation Those objections are, that the tax, instead of dividing itself as at present pretty equally upon the profit of the maltster, upon that of the brewer, and upon that of the retailer, would so far as it affected profit, fall altogether upon that of the maltster that the maltster could not so easily get back the amount of the tax in the advanced price of his malt as the brewer and retailer in the advanced price of their liquor and that so heavy a tax upon malt might reduce the rent and profit of barley land

No tax can ever reduce, for any considerable time, the rate of profit in any particular trade which must always keep its level with other trades in the neighbourhood The present duties upon malt, beer and ale do not affect the profits of the dealers in those commodities, who all get back the tax with an additional profit in the enhanced price of their goods A tax, indeed may render the goods upon which it is imposed so dear as to diminish the consumption of them But the consumption of malt is in malt liquors, and a tax of eighteen shillings upon the quarter of malt could not well render those liquors dearer than the different taxes amounting to twenty four or twenty five shillings, do at present Those liquors on the contrary, would probably become cheaper and the consumption of them would be more likely to increase than to diminish

It is not very easy to understand why it should be more difficult for the maltster to get back eighteen shillings in the advanced price of his malt than it is at present for the brewer to get back twenty four or twenty five sometimes thirty shillings in that of his liquor The maltster indeed instead of a tax of six shillings would be obliged to advance one of eighteen shillings upon every quarter of malt But the brewer is at present obliged to advance a tax of twenty four or twenty five sometimes thirty shillings upon every quarter of malt which he brews It could not be more inconvenient for the maltster to advance a lighter tax than it is at present for the brewer to advance a heavier one The maltster doth not always keep in his granaries a stock of malt which it will require a longer time to dispose of than the stock of beer and ale which the brewer frequently keeps in his cellars The former therefore may frequently get the returns of his money as soon as the latter But whatever inconveniency might arise to the maltster from being obliged to advance a heavier tax it could easily be remedied by granting him a few months' longer credit than is at present commonly given to the brewer

Nothing could reduce the rent and profit of barley land which did not reduce the demand for barley. But a change of system which reduced the duties upon a quarter of malt brewed into beer and ale from twenty four and twenty five shillings to eighteen shillings would be more likely to increase than diminish that demand The rent and profit of barley land, besides, must always be nearly equal to those of other equally fertile and equally well-cultivated land If they were less, some part of the barley land would soon be turned to some other purpose, and if they were greater, more land would soon be turned to the raising of barley When the ordinary price of any particular produce of land is at what may be called a monopoly price, a tax upon it necessarily reduces the rent and profit of the land which grows it A tax upon the produce of those precious vineyards of which the wine falls so much short of the effectual demand that its price is always above the natural proportion to that of the produce of other equally fertile and equally well cultivated land would necessarily reduce the rent and profit of those vineyards The price of the wines being already the highest that could be got for the quantity commonly sent to market it could not be raised higher without diminishing that quantity and the quantity could not be diminished without still greater loss, because the lands could not be turned to any other equally valuable produce The whole weight of the tax, therefore would fall upon the rent and profit—properly upon the rent of the vineyard When it has been proposed to lay any new tax upon sugar our sugar planters have frequently complained that the whole weight of such taxes fell, not upon the consumer but upon the producer they never having been able to raise the price of their sugar after the tax higher than it was before The price had it seems, before the tax been a monopoly price and the argument adduced to show that sugar was an improper subject of taxation demonstrated perhaps that it was a proper one, the gains of monopolists whenever they can be come at being certainly of all subjects the most proper But the ordinary price of barley has never been a monopoly price and the rent and profit of barley land have never been above their natural proportion to those of other equally fertile and equally well-cultivated land The different taxes which have been imposed upon malt beer and ale have never lowered the price of barley, have never reduced the rent and profit of barley land The price of malt to the brewer has constantly risen in proportion to the taxes imposed upon it and those taxes together with the different duties upon beer and ale have constantly

either raised the price, or what comes to the same thing reduced the quality of those ... The final pay upon er ... the change of system here p ... those who brew for their own private use But the exemption which this superior rank of people at present enjoy from very heavy taxes which are paid by the poor labourer and artificer is surely most unjust and unequal and ought to be taken away, even though this change was never to take place It has probably been the interest of this superior order of people however, which has hitherto prevented a change of system that could not well fail both to increase the revenue and to relieve the people

... stoms and several ds more unequally and ... his kind are the duties which in French are called *Peages* which in old Saxon times were called Duties of Passage and which seem to have been originally established for the same pur pose as our turnpike tolls or the tolls upon our canals and navigable rivers for the main tenance of the road or of the navigation Tho e duties when applied to such purposes are most properly imposed according to the bulk or weight of the goods As they were originally local and provincial duties applica ble to local and provincial purposes the ad ministration of them was in most cases en trusted to the particular town parish or lordship in which they were levied such com munities being in some way or other sup posed to be accountable for the application The sovereign who is altogether unaccount able has in many countries assumed to him self the administration of those duties, and though he has in most cases enhanced very much the duty, he has in many entirely neg lected the application If the turnpike tolls of Great Britain should ever become one of the resources of government we may learn by the example of many other nations what would probably be the consequence Such tolls are no doubt finally paid by the con sumer but the consumer is not taxed in pro portion to his expense when he pays not ac cording to the value but according to the bulk or weight of what he consumes When such duties are imposed not according to the bulk or weight but according to the sup posed value of the goods they become prop erly a sort of inland customs or excises which obstruct very much the most important of all branches of commerce, the interior com merce of the country

In some small states duties similar to those passage duties are imposed upon goods car ried across the territory either by land or by water from one foreign country to an ... These are in some countries called ... states vers rom duties of this kind wh ... ther by foreigners and which perhaps are the only duties that one state can impose upon the subjects of another without obstructing in any respect the industry or commerce of its own The most important transit duty in the world is that levied by the King of Den mark upon all merchant ships which pass through the Sound

Such taxes upon luxuries as the greater part of the duties of customs and excise though they all fall indifferently upon every different species of revenue and are paid finally or without any retribution by who ever consumes the commodities upon which they are imposed yet they do not always fall equally or proportionably upon the reve nue of every individual As every man s hu mour regulates the degree of his consump tion every man contributes rather according to his humour than in proportion to his rev enue the profuse contribute more, the parsi monious less than their proper proportion During the minority of a man of great for tune he contributes commonly very little by his consumption towards the support of that state from whose protection he derives a great revenue Those who live in another country contribute nothing by their consumption towards the support of the government of that country in which is situated the source of their revenue If in this latter country there should be no land tax nor any con siderable duty upon the transference either of movable or of immovable property as is the case in Ireland such absentees may de rive a great revenue from the protection of a government to the support of which they do not contribute a single shilling This in equality is likely to be greatest in a country of which the government is in some respects subordinate and dependent upon that of some other The people who possess the most extensive property in the dependent will in this case generally choose to live in the gov erning country Ireland is precisely in this situation and we cannot, therefore wonder that the proposal of a tax upon absentees should be so very popular in that country It might perhaps be a little difficult to as certain either what sort or what degree of absence would subject a man to be taxed as an absentee or at what precise time the should either begin or end If you

however, this very peculiar situation any inequality in the contribution of individuals which can arise from such taxes is much more than compensated by the very circumstance which occasions that inequality—the circumstance that every man's contribution is altogether voluntary, it being altogether in his power either to consume or not to consume the commodity taxed. Where such taxes, therefore, are properly assessed and upon proper commodities, they are paid with less grumbling than any other. When they are advanced by the merchant or manufacturer, the consumer, who finally pays them, soon comes to confound them with the price of the commodities, and almost forgets that he pays any tax.

Such taxes are or may be perfectly certain, or may be assessed so as to leave no doubt concerning either what ought to be paid, or when it ought to be paid, concerning either the quantity or the time of payment. Whatever uncertainty there may sometimes be, either in the duties of customs in Great Britain, or in other duties of the same kind in other countries, it cannot arise from the nature of those duties, but from the inaccurate or unskilful manner in which the law that imposes them is expressed.

Taxes upon luxuries generally are, and always may be, paid piecemeal, or in proportion as the contributors have occasion to purchase the goods upon which they are imposed. In the time and mode of payment they are, or may be, of all taxes the most convenient. Upon the whole, such taxes are perhaps as agreeable to the three first of the four general maxims concerning taxation as any other. They offend in every respect against the fourth.

Such taxes, in proportion to what they bring into the public treasury of the state, always take out or keep out of the pockets of the people more than almost any other taxes. They seem to do this in all the four different ways in which it is possible to do it.

First, the levying of such taxes, even when imposed in the most judicious manner, requires a great number of custom-house and excise officers, whose salaries and perquisites are a real tax upon the people, which brings nothing into the treasury of the state. This expense, however, it must be acknowledged, is more moderate in Great Britain than in most other countries. In the year which ended on the 5th of July 1775, the gross produce of the different duties, under the management of the commissioners of excise in England, amounted to £5,507,308 18s 8¼d, which was levied at an expense of little more than five and a half per cent. From this gross produce, however, there must be deducted what was paid away in bounties and drawbacks upon the exportation of excisable goods, which will reduce the net produce below five millions.[1] The levying of the salt duty, an excise duty, but under a different management, is much more expensive. The net revenue of the customs does not amount to two millions and a half, which is levied at an expense of more than ten per cent in the salaries of officers, and other incidents. But the perquisites of custom-house officers are everywhere much greater than their salaries; at some ports more than double or triple those salaries. If the salaries of officers, and other incidents, therefore, amount to more than ten per cent upon the net revenue of the customs, the whole expense of levying that revenue may amount, in salaries and perquisites together, to more than twenty or thirty per cent. The officers of excise receive few or no perquisites, and the administration of that branch of the revenue, being of more recent establishment, is in general less corrupted than that of the customs, into which length of time has introduced and authorized many abuses. By charging upon malt the whole revenue which is at present levied by the different duties upon malt and malt liquors, a saving, it is supposed, of more than fifty thousand pounds might be made in the annual expense of the excise. By confining the duties of customs to a few sorts of goods, and by levying those duties according to the excise laws, a much greater saving might probably be made in the annual expense of the customs.

Secondly, such taxes necessarily occasion some obstruction or discouragement to certain branches of industry. As they always raise the price of the commodity taxed, they so far discourage its consumption, and consequently its production. If it is a commodity of home growth or manufacture, less labour comes to be employed in raising and producing it. If it is a foreign commodity of which the tax increases in this manner the price, the commodities of the same kind which are made at home may thereby, indeed, gain some advantage in the home market, and a greater quantity of domestic industry may thereby be turned toward preparing them. But though this rise of price in a foreign commodity may encourage domestic industry in one particular branch, it necessarily discourages that industry in almost every other. The dearer the Birmingham manufacturer buys his foreign wine, the cheaper he necessarily sells that part of his hardware with which, or, what comes to the same thing,

[1] The net produce of that year, after deducting all expenses and allowances, amounted to £4,975,652 19s 6d.

with the price of which he buys it That part of his hardware, therefore becomes of less value to him and he has less encouragement to work at it The dearer the consumers in one country *pay for the surplus produce of* another, the cheaper they necessarily sell that part of their own surplus produce with which or what comes to the same thing with the price of which they buy it That part of their own surplus produce becomes of less value *to them* and they have less encouragement to increase its quantity All taxes upon consumable commodities therefore tend to reduce the quantity of productive labour below what it otherwise would be either in preparing the commodities taxed if they are home commodities or in preparing those with which they are purchased, if they are foreign commodities Such taxes too, always alter more or less the natural direction of national industry and turn it into a channel always different from and generally less advantageous than that in which it would have run of its own accord

Thirdly, the hope of evading such taxes by smuggling gives frequent occasion to forfeitures and other penalties which entirely ruin the smuggler a person who though no doubt highly blamable for violating the laws of his country is frequently incapable of violating those of natural justice and would have been in every respect an excellent citizen had not the laws of his country made that a crime which *nature never meant to be so In those* corrupted governments where there is at least a general suspicion of much unnecessary expense and great misapplication of the public revenue the laws which guard it are little respected Not many people are scrupulous about *smuggling when without perjury they* can find any easy and safe opportunity of doing so To pretend to have any scruple about buying smuggled goods, though a manifest encouragement to the violation of the revenue laws and to the perjury which almost *always attends it would in most countries* be regarded as one of those pedantic pieces of hypocrisy which instead of gaining credit with anybody serve only to expose the person who affects to practise them to the suspicion of being a greater knave than most of his *neighbours By this indulgence of the* public the smuggler is often encouraged to continue a trade which he is thus taught to consider as in some measure innocent and when the severity of the revenue laws is ready to fall upon him he is frequently disposed to defend *with violence what he has been accus*tomed to regard as his just property From being at first perhaps, rather imprudent than criminal he at last too often becomes one of the hardiest and most dete[illegible]tors of the laws of society By the ruin of the smuggler his capital which had before been employed in maintaining productive labour is absorbed either in the revenue of the state *or in that of the revenue officer* and is employed in maintaining unproductive to the diminution of the general capital of the society and of the useful industry which it might otherwise have maintained

Fourthly such taxes by subjecting at least the dealers in the taxed commodities to the frequent visits and odious examination of the tax gatherers expose them sometimes no doubt to some degree of oppression and always to much trouble and vexation and though vexation as has already been said is not strictly speaking expense it is certainly equivalent to the expense at which every man would be willing to redeem himself from it The laws of excise though more effectual for the purpose for which they were instituted are in this respect more vexatious than those of the customs When a merchant has imported goods subject to certain duties of customs when he has paid those duties and lodged the goods in his warehouse he is not in most cases liable to any further trouble or vexation from the custom house officer It is otherwise with goods subject to duties of excise The dealers have no respite from the continual visits and examination of the excise officers The duties of excise are upon this account more unpopular than those of the customs and so are the officers who levy them Those officers it is pretended though in general perhaps they do their duty fully as well as those of the customs yet as that duty obliges them to be frequently very troublesome to some of their neighbours, commonly contract a certain hardness of character which the others frequently have not This observation however may very probably be the mere suggestion of fraudulent dealers whose smuggling is either prevented or detected by their diligence

The inconveniencies however which are perhaps in some degree inseparable from taxes upon consumable commodities fall as light upon the people of Great Britain as upon those of any other country of which the government is nearly as expensive Our state is not perfect, and might be mended but it is as good or better than that of most of our neighbours

In consequence of the notion that duties upon consumable goods were taxes upon the profits of merchants, those duties have in some countries, been repeated upon every successive sale of the goods. If the profits of the merchant importer or merchant manufacturer were taxed equality seemed to require that those of all the middle buyers who

intervened between either of them and the consumer should likewise be taxed The famous alcavala of Spain seems to have been established upon this principle It was at first a tax of ten per cent, afterwards of fourteen per cent, and is at present of only six per cent upon the sale of every sort of property whether movable or immovable and it is repeated every time the property is sold[1] The levying of this tax requires a multitude of revenue officers sufficient to guard the transportation of goods not only from one province to another but from one shop to another It subjects not only the dealers in some sorts of goods but those in all sorts, every farmer every manufacturer every merchant and shopkeeper to the continual visits and examination of the tax gatherers Through the greater part of a country in which a tax of this kind is established nothing can be produced for distant sale The produce of every part of the country must be proport[illegible] to the [illegible]

[illegible] ... to it likewise the declension of agriculture it being imposed not only upon manufactures but upon the rude produce of the land

In the kingdom of Naples there is a similar tax of three per cent upon the value of all contracts and consequently upon that of all contracts of sale It is both lighter than the Spanish tax and the greater part of towns and parishes are allowed to pay a composition in lieu of it They levy this composition in what manner they please generally in a way that gives no interruption to the interior commerce of the place The Neapolitan tax therefore is not near so ruinous as the Spanish one

The uniform system of taxation wh[illegible] with a fe[illegible] takes [illegible] United [illegible] interior [illegible] country the inland and coasting trade almost entirely free The inland trade is almost perfectly free and the greater part of goods may be carried from one end of the kingdom to the other without requiring any permit or let pass without being subject to question visit or examination from the revenue officers There are a few exceptions but they are such as can give no interruption to any [illegible]

[illegible] of the uni[illegible]

[1] Mémoires concernant les droits etc., vol i p 455

formity of the system of taxation is perhaps one of the principal causes of the prosperity of Great Britain every great country being necessarily the best and most extensive market for the greater part of the productions of its own industry If the same freedom in consequence of the same uniformity could be extended to Ireland and the plantations both the grandeur of the state and the prosperity of every part of the empire would probably be still greater than at present

In France the different revenue laws which take place in the different provinces require a multitude of revenue officers to surround not only the frontiers of the kingdom but those of almost each particular province in order either to prevent the importation of certain goods, or to subject it to the payment of certain duties, to the no small interruption of the interior commerce of the country Some provinces are allowed to compound for the gabelle or salt tax Others are exempted from it altogether Some provinces are exempted from the exclusive sale of tobacco, which the farmers general enjoy through the greater part of the kingdom The aides which correspond to the excise in England are very different in different provinces Some provinces are exempted from them and pay a composition or equivalent In those in which they take place and are in farm there are many local duties which do not extend beyond a particular town or district The traites which correspond to our customs, divide the kingdom into three great parts; first the provinces subject to the tariff of 1664 which are called the provinces of the five great farms and under which are comprehended Picardy Normandy and the greater [illegible]

[illegible] hended the greater part of the frontier provinces and thirdly those provinces which are said to be treated as foreign or which because they are allowed a free commerce with foreign countries are in their commerce with other provinces of France subjected to the same duties as other foreign countries These are Alsace the three bishoprics of Metz Toul and Verdun and the three cities of Dunkirk Bayonne and Marseilles Both in the provinces of the five great farms (called so on account of an ancient division of the duties of customs into five great branches each of which was originally the subject of a particular farm though they are now all united into one) and in those which are said to be reckoned foreign there are many local duties which do not exten[illegible]

beyond a particular town or district There are some such even in the provinces which are said to be treated as foreign, particularly in the city of Marseilles It is unnecessary to observe how much both the restraints upon the interior commerce of the country and the number of the revenue officers must be multiplied in order to guard the frontiers of those different provinces and districts which are subject to such different systems of taxation

Over and above the general restraints arising from this complicated system of revenue laws, the commerce of wine, after corn perhaps the most important production of

such provinces enjoy, encourages good management both in the cultivation of their vineyards and in the subsequent preparation of their wines

Such various and complicated revenue laws are not peculiar to France The little duchy of Milan is divided into six provinces in each of which there is a different system of

same manner, a system of its own Under such absurd management, nothing but the great fertility of the soil and happiness of the climate could preserve such countries from soon relapsing into the lowest state

government, of which the revenue must in this case vary from year to year according to the occasional variations in the produce of the tax, or they may be let in farm for a rent certain, the farmer being allowed to

The best and most frugal way of levying a tax can never be by farm Over and above what is necessary for paying the stipulated rent the salaries of the officers and the whole expense of administration the farmer must always draw from the produce of the tax a certain profit proportioned at least to the advance which he makes, to the risk which he runs, to the trouble which he is at, and to the knowledge and skill which it requires to manage so very complicated a concern

enue requires either a great capital or a great credit, circumstances which would alone restrain the competition for such an undertaking to a very small number of people Of the few who have this capital or credit a still smaller number have the necessary knowledge or experience another circumstance which restrains the competition still further The very few, who are in condition to become competitors find it more for their interest to combine together; to become copartners instead of competitors, and when the firm is set up to auction, to offer no rent but what is much below the real value In countries where the public revenues are in farm, the farmers are generally the most opulent people Their wealth would alone excite the public indignation, and the vanity which almost always accompanies such upstart fortunes, the foolish ostentation with which they commonly display that wealth, excites that indignation still more

The farmers of the public revenue never find the laws too severe which punish any attempt to evade the payment of a tax They have no bowels for the contributors, who are not their subjects, and whose universal bankruptcy, if it should happen the day after their farm is expired, would not much affect their interest In the greatest exigencies of the state, when the anxiety of the sovereign for the exact payment of his

even the usual rent In those moments of public distress their demands cannot be disputed The revenue laws, therefore, become *gradually more and more severe* The most

ever be expected from the farmers of his revenue He knows that the permanent grandeur of his family depends upon the prosperity of his people and he will never knowingly ruin that prosperity for the sake of any momentary interest of his own It

provinces of Lorraine and Bar contains about twenty three or twenty four millions of people —three times the number perhaps contained in Great Britain The soil and climate of France are better than those of Great Britain The country has been much longer in a state of improvement and cultivation and is upon that account better stocked with all those things which it requires a long time to raise up and accumulate such as great towns and convenient and well built houses both in town and country With these advantages it might be expected that in France a revenue of thirty millions might be levied for the support of the state with as little inconveniency as a revenue of ten millions is in Great Britain In 1765 and 1766 the whole revenue paid into the treasury of France according to the best though I acknowledge very imperfect accounts which I could get of it usually run between 308 and 325 millions of livres that is it did not amount to fifteen millions sterling not the half of what might have been expected had the people contributed in the same proportion to their numbers as the people of Great Britain The people of France however it

most indulgent government

In Holland the heavy taxes upon the necessaries of life have ruined it is said their principal manufactures and are likely to discourage gradually even their fisheries and their trade in shipbuilding The taxes upon the necessaries of life are inconsiderable in Great Britain and no manufacture has hitherto been ruined by them The British taxes which bear hardest on manufactures are some duties upon the importation of raw materials

thousand pounds sterling and as the inhabitants of the United Provinces cannot well be supposed to amount to more than a third part of those of Great Britain they must in proportion to their number be much more heavily taxed

After all the proper subjects of taxation have been exhausted if the exigencies of the state still continue to require new taxes they must be imposed upon improper ones The taxes upon the necessaries of life therefore may be no impeachment of the wisdom of that republic which in order to acquire and to maintain its independency has, in spite of its great frugality, been involved in such expensive wars as have obliged it to contract great debts The singular countries of Holland and Zeeland besides require a considerable expense even to preserve their existence or to prevent their being swallowed up by the sea which must have contributed to increase considerably the load of taxes in those two provinces The republican form of government seems to be the principal support of the present grandeur of Holland The owners of great capitals the great mercantile families have generally either some direct share or some indirect influence in the administration of that government For the sake of the respect and authority which they derive from this situation they are willing to live in a country where their capital if they employ it themselves will bring them less profit and if they lend it to another less interest, and where the very moderate revenue which they can draw from it will purchase less of the necessaries and conven

the republican form of government which should throw the whole administration into the hands of nobles and of soldiers which should annihilate altogether the importance of those wealthy merchants would soon render it disagreeable to them to live in a country where they were no longer likely to be much respected They would remove both their residences and their capitals to some other country and the industry and commerce of Holland would soon follow the capitals which supported them

Chapter III

Of Public Debts

In that rude state of society which precedes the extension of commerce and the improvement of manufactures when those expensive luxuries which commerce and manufactures can alone introduce are altogether unknown the person who possesses a large revenue I have endeavoured to show in the third book of this Inquiry can spend or enjoy that revenue in no other way than by maintaining nearly as many people as it can maintain A large revenue may at all times

the materials of plain food and coarse cloth ing in corn and cattle in wool and

When neither commerce nor

furnish anything for which

exchange the greater part of those materials which are over and above his own consumption he can do nothing with the surplus but feed and clothe nearly as many people as it will feed and clothe A hospitality in which there is no luxury and a liberality in which there is no ostentation, occasion in this situation of things the principal expenses of the rich and the great But these, I have likewise endeavoured to show in the same book, are expenses by which people are not very apt to ruin themselves There is not, perhaps any selfish pleasure so frivolous of which the pursuit has not sometimes ruined even sensible men A passion for cock fighting has ruined many But the instances I believe, are not very numerous of people who have been ruined by a hospitality or liberality of this kind though the hospitality of luxury and the liberality of ostentation have ruined many Among our feudal ancestors, the long time during which estates used to continue in the same family sufficiently demonstrates the general disposition of people to live within their income Though the rustic hospitality constantly exercised by the great land holders may not to us in the present times seem consistent with that order which we are apt to consider as inseparably connected with good economy yet we must certainly allow them to have been at least so far frugal as not commonly to have spent their whole income A part of their wool and raw hides they had generally an opportunity of selling for money Some part of this money perhaps they spent in purchasing the few objects of vanity and luxury with which the circumstances of the times could furnish them but some part of it they seem commonly to have hoarded They could not well indeed do anything else but hoard whatever money they saved To trade was disgraceful to a gentleman and to lend money at interest which at that time was considered as usury and prohibited by law would have been still more so In those times of violence and disorder besides it was convenient to have a hoard of money at hand that in case they should be driven from their own home they might have something of known value to carry with them to some place of safety The same violence which made it convenient to hoard made it equally convenient to conceal the hoard The frequency of treasure trove or of treasure found of which no owner was known sufficiently demonstrates the frequency in those times both of hoarding and of concealing the hoard Treasure-trove was then considered as an important branch of the revenue of the sovereign All the treasure trove of the kingdom would scarce perhaps in the present times make an important branch of the revenue of a private gentleman of a good estate

The same disposition to save and to hoard prevailed in the sovereign as well as in the subjects Among nations to whom commerce and manufactures are little known, the sovereign it has already been observed in the fourth book, is in a situation which naturally disposes him to the parsimony requisite for accumulation In that situation the expense even of a sovereign cannot be directed by that vanity which delights in the gaudy finery of a court The ignorance of the times affords but few of the trinkets in which that finery consists Standing armies are not then necessary, so that the expense even of a sovereign like that of any other great lord, can be employed in scarce anything but bounty to his tenants and hospitality to his retainers But bounty and hospitality very seldom lead to extravagance, though vanity almost *always does* All the ancient sovereigns of Europe accordingly, it has already been observed had treasures. Every Tartar chief in the present times is said to have one

In a commercial country abounding with every sort of expensive luxury, the sovereign, in the same manner as almost all the great proprietors in his dominions, naturally spends a great part of his revenue in purchasing those luxuries His own and the neighbouring countries supply him abundantly with all the costly trinkets which compose the splendid but insignificant pageantry of a court. For the sake of an inferior pageantry of the same kind his nobles dismiss their retainers make their tenants independent, and become gradually themselves as insignificant as the greater part of the wealthy burghers in his dominions The same frivolous passions which influence their conduct influence his How can it be supposed that he should be the only rich man in his dominions who is insensible to pleasures of this kind? If he does not what he is very likely to do spend upon those pleasures so great a part of his revenue as to debilitate very much the defensive power of the state it cannot well be expected that he should not spend upon them all that part of it which is over and above what is necessary for supporting that defensive power His ordinary expense becomes equal to his ordinary revenue and it is well if it does not frequently exceed it The amassing of treasure can no longer be expected, and when extraordinary exigencies require extraordinary expenses he must necessarily call upon his subjects for an extraordinary aid The present and the late king of Prussia[1] are the only

[1] Frederick William I and his son Frederick II the Great —Ed

great princes of Europe who since the death of Henry IV of France in 1610 are supposed to have amassed any considerable treasure The parsimony which leads to accumulation

amassed any considerable treasure The other Swiss republics have not The taste for some sort of pageantry for splendid buildings at least and other public ornaments frequently prevails as much in the apparently sober senate-house of a little republic as in the dissipated court of the greatest king

The want of parsimony in time of peace imposes the necessity of contracting debt in time of war When war comes there is no money in the treasury but what is necessary for carrying on the ordinary expense of the peace establishment In war an establishment of three of four times that expense becomes necessary for the defence of the state and consequently a revenue three or four times greater than the peace revenue Supposing

of the taxes from which this increase of revenue must be drawn will not begin to come into the treasury till perhaps ten or twelve months after they are imposed But the moment in which war begins or rather the moment in which it appears likely to begin the army must be augmented the fleet must be fitted out the garrisoned towns must be put into a posture of defence that army that fleet those garrisoned towns must be furnished with arms ammunition and provisions An immediate and great expense must be incurred in that moment of immediate danger which will not wait for the gradual and slow returns of the new taxes In this exigency government can have no other resource but in borrowing

The same commercial state of society which by the operation of moral causes brings government in this manner into the necessity of borrowing produces in the subjects both an ability and an inclination to lend If it commonly brings along with it

set of people through whose hands not only their own capitals but the capitals of all those who either lend them money or trust them with goods pass as frequently or more frequently than the revenue of a private man who without trade or business lives upon his income passes through his hands The revenue of such a man can regularly pass through his hands only once in a year But the whole amount of the capital and credit of a merchant who deals in a trade of which the returns are very quick may sometimes pass through his hands two three or four times a year A country abounding with merchants and manufacturers therefore necessarily abounds with a set of people who have it at all times in their power to advance if they choose to do so a very large sum of money to government Hence the ability in the subjects of a commercial state to lend

Commerce and manufactures can seldom flourish long in any state which does not enjoy a regular administration of justice in which the people do not feel themselves secure in the possession of their property in which the faith of contracts is not supported by law and in which the authority

ish in any state in which there is not a certain degree of confidence in the justice of government The same confidence which disposes great merchants and manufacturers upon ordinary occasions to trust their property to the protection of a particular government disposes them upon extraordinary

and manufactures On the contrary they commonly augment it The necessities of the state render government upon most occasions willing to borrow upon terms

market for more than was originally paid

him to a share in the first subscription for a new loan Hence the inclination or willingness in the subjects of a commercial state to lend

The government of such a state is very apt to repose itself upon this ability and willingness of its subjects to lend it their money on extraordinary occasions It foresees the facility of borrowing and therefore dispenses itself from the duty of saving

In a rude state of society there are no great mercantile or manufacturing capitals. The individuals who hoard whatever money they can save, and who conceal their hoard, do so from a distrust of the justice of government, from a fear that if it was known that they had a hoard, and where that hoard was to be found, they would quickly be plundered. In such a state of things few people would be able, and nobody would be willing, to lend their money to government on extraordinary exigencies. The sovereign feels that he must provide for such exigencies by saving, because he foresees the absolute impossibility of borrowing. This foresight increases still further his natural disposition to save.

The progress of the enormous debts which at present oppress, and will in the long run probably ruin, all the great nations of Europe has been pretty uniform. Nations, like private men, have generally begun to borrow upon what may be called personal credit, without assigning or mortgaging any particular fund for the payment of the debt; and when this resource has failed them, they have gone on to borrow upon assignments or mortgages of particular funds.

What is called the unfunded debt of Great Britain is contracted in the former of those two ways. It consists partly in a debt which bears, or is supposed to bear, no interest, and which resembles the debts that a private man contracts upon account; and partly in a debt which bears interest, and which resembles what a private man contracts upon his bill or promissory note. The debts which are due either for extraordinary services, or for services either not provided for, or not paid at the time when they are performed; part of the extraordinaries of the army, navy, and ordnance, the arrears of subsidies to foreign princes, those of seamen's wages, etc., usually constitute a debt of the first kind. Navy and exchequer bills, which are issued sometimes in payment of a part of such debts and sometimes for other purposes, constitute a debt of the second kind—exchequer bills bearing interest from the day on which they are issued, and navy bills six months after they are issued. The Bank of England, either by voluntarily discounting those bills at their current value, or by agreeing with government for certain considerations to circulate exchequer bills, that is, to receive them at par, paying the interest which happens to be due upon them, keeps up their value and facilitates their circulation, and thereby frequently enables government to contract a very large debt of this kind. In France, where there is no bank, the state bills (*billets d'etat*[1]) have sometimes sold at sixty and seventy per cent discount. During the great recoinage in King William's time, when the Bank of England thought proper to put a stop to its usual transactions, exchequer bills and tallies are said to have sold from twenty-five to sixty per cent discount; owing partly, no doubt, to the supposed instability of the new government established by the Revolution, but partly, too, to the want of the support of the Bank of England.

When this resource is exhausted, and it becomes necessary, in order to raise money, to assign or mortgage some particular branch of the public revenue for the payment of the debt, government has upon different occasions done this in two different ways. Sometimes it has made this assignment or mortgage for a short period of time only, a year, or a few years, for example; and sometimes for perpetuity. In the one case the fund was supposed sufficient to pay, within the limited time, both principal and interest of the money borrowed. In the other it was supposed sufficient to pay the interest only, or a perpetual annuity equivalent to the interest, government being at liberty to redeem at any time this annuity upon paying back the principal sum borrowed. When money was raised in the one way, it was said to be raised by anticipation; when in the other, by perpetual funding, or, more shortly, by funding.

In Great Britain the annual land and malt taxes are regularly anticipated every year by virtue of a borrowing clause constantly inserted into the acts which impose them. The Bank of England generally advances at an interest, which since the Revolution has varied from eight to three per cent, the sums for which those taxes are granted, and receives payment as their produce gradually comes in. If there is a deficiency, which there always is, it is provided for in the supplies of the ensuing year. The only considerable branch of the public revenue which yet remains unmortgaged is thus regularly spent before it comes in. Like an improvident spendthrift, whose pressing occasions will not allow him to wait for the regular payment of his revenue, the state is in the constant practice of borrowing of its own factors and agents, and of paying interest for the use of its own money.

In the reign of King William, and during a great part of that of Queen Anne, before we had become so familiar as we are now with the practice of perpetual funding, the greater part of the new taxes were imposed but for a short period of time (for four, five,

[1] See *Examen des réflexions politiques sur les finances*.

six, or seven years only), and a great part of the grants of every year consisted in loans upon anticipations of the produce of those taxes The produce being frequently insufficient for paying within the limited term the principal and interest of the money borrowed, deficiencies arose, to make good which it became necessary to prolong the term

In 1697, by the 8th of William III, c 20, the deficiencies of several taxes were charged upon what was then called the first general mortgage or fund, consisting of a prolongation to the first of August 1706 of several different taxes which would have expired within a shorter term, and of which the produce was accumulated into one general fund The deficiencies charged upon this prolonged term amounted to £5,160,459 14s 9¼d

In 1701, those duties, with some others, were still further prolonged for the like purposes till the first of August 1710, and were called the second general mortgage or fund The deficiencies charged upon it amounted to £2,055,999 7s 11½d

In 1707, those duties were still further prolonged, as a fund for new loans, to the first of August 1712, and were called the third

the

of

which one moiety only was made a part of this fund, and a duty upon the importation of Scotch linen, which had been taken off by the Articles of Union) still further continued, as a fund for new loans, to the first of August 1714, and were called the fourth

the sixth general mortgage or fund The sum

continued for ever, and made a fund for paying the interest of the capital of the South Sea Company, which had that year advanced to government, for paying debts and making good deficiencies, the sum of £9,177,967 15s 4d, the greatest loan which at that time had ever been made

Before this period, the principal, so far as I have been able to observe, the only taxes which in order to pay the interest of a debt had been imposed for perpetuity, were those for paying the interest of the money which had been advanced to government by the Bank and the East India Company, and of what it was expected would be advanced, but which was never advanced, by a projected land bank The bank fund at this time amounted to £3,375,027 17s 10½d, for which was paid an annuity or interest of £206,501 13s 5d The East India fund amounted to £3,200,000, for which was paid an annuity or interest of £160,000—the bank fund being at six per cent, the East India fund at five per cent interest

In 1715, by the 1st of George I, c 12, the different taxes which had been mortgaged for paying the bank annuity, together with several others which by this act were likewise rendered perpetual, were accumulated into

perpetual

In 1717, by the 3rd of George I, c 7, several other taxes were rendered perpetual, and accumulated into another common fund, called The General Fund, for the payment of certain annuities, amounting in the whole to £724,849 6s 10½d

In consequence of those different acts, the greater part of the taxes which before had been anticipated only for a short term of

Had money never been raised but by anticipation, the course of a few years would have liberated the public revenue without any other attention of government besides that of not overloading the fund by charging it with more debt than it could pay within the limited term, and of not anticipating a

it by anticipating a second and a third time before the expiration of the first anticipation The fund becoming in this manner altogether insufficient for paying both principal and interest of the money borrowed upon it, it became necessary to charge it with the

est only, or a perpetual annuity equal to the interest and such unprovident anticipations necessarily gave birth to the more ruinous practice of perpetual funding But *though this practice necessarily puts off the* liberation of the public revenue from a fixed period to one so indefinite that it is not very likely ever to arrive yet as a greater sum can in all cases be raised by this new practice than by the old one of anticipations the former when men have once become familiar with it has in the great exigencies of the state been universally preferred to the latter To relieve the present exigency is always the object which principally interests those immediately concerned in the administration of public affairs The future liberation of the public revenue they leave to the care of posterity

During the reign of Queen Anne the market rate of interest had fallen from six to five per cent and in the twelfth year of her reign five per cent was declared to be the highest rate which could lawfully be taken for money borrowed upon private security Soon after the greater part of the temporary taxes of Great Britain had been rendered perpetual and distributed into the Aggregate, South Sea and General Funds the creditors of the public like those of private persons were induced to accept of five per cent for the interest of their money which occasioned a saving of one per cent upon the capital of the greater part of the debts which had been thus funded for perpetuity or of one sixth of the greater part of the annuities which were paid out of the three great funds above mentioned This saving left a considerable surplus in the produce of the different taxes which had been accumulated into those funds over and above what was necessary for paying the annuities which were now charged upon them and laid the foundation of what has since been called the Sinking Fund In 1717 it amounted to £323 434 7s 7½d In 1727 the interest of the greater part of the public debts was still further reduced to four per cent and in 1753 and 1757 to three and a half and three per cent which reductions still further augmented the sinking fund

A sinking fund though instituted for the payment of old facilitates very much the contracting of new debts It is a subsidiary [illegible]

Britain has been more frequently applied to the one or to the other of those two purposes will sufficiently appear by and by

Besides those two methods of borrowing by anticipations and by perpetual funding there are two other methods which hold a sort of middle place between them These are that of borrowing upon annuities for terms of years and that of borrowing upon annuities for lives

During the reigns of King William and Queen Anne large sums were frequently borrowed upon annuities for terms of years, which were sometimes longer and sometimes shorter In 1693 an act was passed for borrowing one million upon an annuity of fourteen per cent or of £140 000 a year for sixteen years In 1691 an act was passed for borrowing a million upon annuities for lives, upon terms which in the present times would appear very advantageous But the subscription was not filled up In the following year the deficiency was made good by borrowing upon annuities for lives at fourteen per cent, or at little more than seven years' purchase In 1695 the persons who had purchased those annuities were allowed to exchange them for others of ninety six years upon paying into the Exchequer sixty three pounds in the hundred that is the difference between fourteen per cent for life and fourteen per cent for ninety six years was sold for sixty three pounds or for four and a half years purchase Such was the supposed instability [illegible] procured

[illegible]

of ninety-eight and of ninety nine years. In 1719 the proprietors of the annuities for thirty two years were induced to accept in lieu of them South Sea stock to the amount of eleven and a half years' purchase of the annu[illegible]
tity [illegible]
pene[illegible]
the greater part of [illegible]
terms of years both long and short were subscribed into the same fund The long [illegible]

During the two wars which began in 1[illegible] and in 1755 little money was borrowed either upon annuities for terms of years or upon those for lives An annuity for ninety-eight or ninety nine years, however is worth nearly [illegible] and should [illegible] nd for [illegible] who in [illegible] to pro- [illegible] public [illegible] to one of which the value was continually diminish-

ing and such people make a very considerable proportion both of the proprietors and purchasers of stock An annuity for a long term

a new loan who mean generally to sell their subscriptions as soon as possible prefer greatly a perpetual annuity redeemable by Parliament to an irredeemable annuity for a long term of years of only equal amount The value of the former may be supposed always the same or very nearly the same and it makes therefore a more convenient transferable stock than the latter

During the two last mentioned wars annuities either for terms of years or for lives were seldom granted but as premiums to the subscribers to a new loan over and above the redeemable annuity or interest upon the credit of which the
made T
fund up
but as
lender

Annuities for lives have occasionally been granted in two different ways either upon separate lives or upon lots of lives which in French are called Tontines from the name of their inventor When annuities are granted upon separate lives the death of every individual annuitant disburthens the public revenue so far as it was affected by his annuity When annuities are granted upon tontines the liberation of the public revenue

whole lot Upon the same revenue more
by
with
mor
life and from the confidence which every man naturally has in his own good fortune

annuities for separate lives are
always
ng
on

of the public revenue

In France a much greater proportion of the public debts consists in annuities for lives than in England According to a memoir presented by the Parliament of Bordeaux to the king in 1764 the whole public debt of France is estimated at twenty four hundred millions of livres of which the capital for which annuities for lives had been granted is supposed to amount to three hundred millions the eighth part of the whole public debt The annuities themselves are computed to amount to thirty millions a year the fourth part of one hundred and twenty millions the supposed interest of that whole debt These estimations I know very well

grees of anxiety in the two governments of France and England for the liberation of the public revenue which occasions this difference in their respective modes of borrowing It arises altogether from the different views and interests of the lenders

with some profit their share in the subscription for a new loan they never would subscribe But if by advancing their money they were to purchase instead of perpetual annuities annuities for lives only whether their

seller but its real value begins to diminish

In France the seat of government not be

great wealth, and frequently of great pride They are too proud to marry their equals, and women of quality disdain to marry them They frequently resolve, therefore, to live bachelors, and having neither any families of their own nor much regard for those of their relations, whom they are not always very fond of acknowledging, they desire only to live in splendour during their own time, and are not unwilling that their fortune should end with themselves The number of rich people besides who are either averse to marry or whose condition of life renders it either improper or inconvenient for them to do so is much greater in France than in England To such people who have little or no care for posterity nothing can be more convenient than to exchange their capital for a revenue which is to last just as long and no longer than they wish it to do

The ordinary expense of the greater part of modern governments in time of peace being equal or nearly equal to their ordinary revenue when war comes they are both unwilling and unable to increase their revenue in proportion to the increase of their expense They are unwilling for fear of offending the people who by so great and so sudden an increase of taxes would soon be disgusted with the war and they are unable from not well knowing what taxes would be sufficient to produce the revenue wanted The facility of borrowing delivers them from the embarrassment which this fear and inability would otherwise occasion By means of borrowing they are enabled with a very moderate increase of taxes to raise from year to year money sufficient for carrying on the war and by the practice of perpetually funding they are enabled with the smallest possible increase of taxes to raise annually the largest possible sum of money In great empires the people who live in the capital and in the provinces remote from the scene of action feel many of them scarce any inconveniency from the war but enjoy at their ease the amusement of reading in the newspapers the exploits of their own fleets and armies To them this amusement compensates the small difference between the taxes which they pay on account of the war and those which they had been accustomed to pay in time of peace They are commonly dissatisfied with the return of peace which puts an end to their amusement and to a thousand visionary hopes of conquest and national glory from a longer continuance of the war

The return of peace indeed seldom relieves them from the greater part of the taxes imposed during the war These are mortgaged for the interest of the debt contracted in order to carry it on If, over and above paying the interest of this debt, and defraying the ordinary expense of government, the old revenue, together with the new taxes, produce some surplus revenue, it may perhaps be converted into a sinking fund for paying off the debt But, in the first place this sinking fund, even supposing it should be applied to no other purpose, is generally altogether inadequate for paying in the course of any period during which it can reasonably be expected that peace should continue the whole debt contracted during the war and, in the second place, this fund is almost always applied to other purposes.

The new taxes were imposed for the sole purpose of paying the interest of the money borrowed upon them If they produce more, it is generally something which was neither intended nor expected and is therefore seldom very considerable Sinking funds have generally arisen not so much from any surplus of the taxes which was over and above what was necessary for paying the interest or annuity originally charged upon them as from a subsequent reduction of that interest. That of Holland in 1655 and that of the ecclesiastical state in 1685, were both formed in this manner Hence the usual insufficiency of such funds

During the most profound peace various events occur which require an extraordinary expense and government finds it always more convenient to defray this expense by misapplying the sinking fund than by imposing a new tax Every new tax is immediately felt more or less by the people It occasions always some murmur, and meets with some opposition The more taxes may have been multiplied the higher they may have been raised upon every different subject of taxation the more loudly the people complain of every new tax the more difficult it becomes too either to find out new subjects of taxation or to raise much higher the taxes already imposed upon the old A momentary suspension of the payment of debt is not immediately felt by the people and occasions neither murmur nor complaint To borrow of the sinking fund is always an obvious and easy expedient for getting out of the present difficulty The more the public debts may have been accumulated the more necessary it may have become to study to reduce them the more dangerous, the more ruinous it may be to misapply any part of the sinking fund the less likely is the public debt to be reduced to any considerable degree, the more likely the more certainly is the sinking fund to be misapplied towards defraying all the extraordinary expenses which occur in time of peace When a nation is already overburdened with taxes, nothing but the neces-

nues of a new war, nothing but either the animosity of national vengeance, or the anxiety for national security, can induce the people to submit, with tolerable patience, to a new tax Hence the usual misapplication of the sinking fund

In Great Britain, from the time that we had first recourse to the ruinous expedient of perpetual funding, the reduction of the public debt in time of peace has never borne any

laid

On the 31st of December 1697, the public debts of Great Britain funded and unfunded, amounted to £21,515,742 13s 8½d A great part of those debts

to the public, the sum of £5,121,041 12s 0¾d, a greater reduction of the public debt than has ever

into the

reduction of the debt began in 1723, and went on so slowly that, on the 31st of December 1739, during seventeen years of profound peace, the whole sum paid off was no more than £8,328,354 17s 11⅜d, the capital of the public debt at that time amounting to £46 954 623 3s 4⅞d

The Spanish war, which began in 1739 and the French war which soon followed it occasioned further increase of the debt, which, on the 31st of December 1748, after the war had been concluded by the Treaty of Aix la-Chapelle, amounted to £78,293,313 1s 10¾d The most profound peace of seventeen years' continuance had taken no more than £8,328,354 17s 11⅜d from it A war of less than nine years' continuance added £31,338 689 18s 6⅞d. to it[1]

During the administration of Mr Pelham, the interest of the public debt was reduced, or at least measures were taken for reducing it, from four to three per cent, the sinking fund was increased, and some part of the public debt was paid off In 1755, before the breaking out of the late war, the funded debt of Great Britain amounted to £72,289,673 On the 5th of January 1763, at the conclusion of the peace, the funded debt amounted to £122,603 336 8s 2¼d The unfunded debt has been stated at £13,927,589 2s 2d But the expense occasioned by the war did not end with the conclusion of the peace, so that though on the 5th of January 1764, the funded debt was increased (partly by a new loan, and partly by funding a part of the unfunded debt) to £129,586,789 10s 1¾d, there still remained (according to the very well informed author of the *Considerations on the Trade and Finances of Great Britain*) an unfunded debt which was brought to account in that and the following year of £9 975,017 12s 2[15]⁄[44]d In 1764, therefore, the public debt of Great Britain, funded and unfunded together, amounted, according to this author, to £139,516,807 2s 4d The annuities for lives, too, which had been granted as premiums to the subscribers to the new loans in 1757, estimated at fourteen years' purchase, were valued at £472 500, and the annuities for long terms of years, granted as premiums likewise in 1761 and 1762, estimated at twenty-seven and a half years' purchase, were valued at £6 826,875 During a peace of about seven years' continuance, the prudent and truly patriot administration of Mr Pelham was not able to pay off an old debt of six millions During a war of nearly the same continuance a new debt of more than seventy five millions was contracted

On the 5th of January 1775, the funded debt of Great Britain amounted to £124 996,086

eleven years' profound peace amounted only to £10,415,474 16s 9⅞d Even this small reduction of debt, however, has not been all made from the savings out of the ordinary revenue of the state

millions received from the East India Company as indemnification for their territorial acquisitions and the one hundred and ten

[1] See James Postlethwaite's *History of the Public Revenue*

considered as deductions from the expenses of it The principal are,

	£	s d
The produce of French prizes	690 449	18 9
Composition for French prisoners	670 000	0 0
What has been received from the sale of the ceded islands	95,500	0 0
Total	£1,455 949	18 9

If we add to this sum the balance of the Earl of Chatham's and Mr Calcraft's accounts, and other army savings of the same kind, together with what has been received from the bank, the East India Company, and the additional shilling in the pound land tax the whole must be a good deal more than five millions. The debt, therefore which since the peace has [illegible]
ings [illegible]
has [illegible]
half [illegible] a year The sinking fund has no doubt, been considerably augmented since the peace, by the debt which has been paid off by the reduction of the redeemable four per cents to three per cents and by the annuities for lives which have fallen in and if peace were to continue a million perhaps might now be annually spared out of it towards the discharge of the debt Another million accordingly was paid in the course of last year but at the same time a large civil list debt was left unpaid and we are now involved in a new war which in its progress may prove as expensive as any of our former wars[1] The new debt which will probably be contracted before the end of the next campaign may perhaps be nearly equal to all the old debt which has been paid off from the [illegible]
of [illegible]
cal [illegible]
sho [illegible]
sav [illegible] are likely to be made from that ordinary revenue as it stands at present

The public funds of the different indebted nations of Europe particularly those of England have by one author been represented as the [illegible]

[illegible] multiplied and its lands cultivated and improved much beyond what they could have been by means of that other capital only He does not consider that the cap[ital] which the first creditors of the public advanced to government was from the [moment] in which they advanced it, a cert[ain] portion of the annual produce turned aw[ay] from serving in the function of a capital [to] serve in that of a revenue, from maintain[ing] productive labourers to maintain unprod[uc]tive ones and to be spent and wasted ge[n]erally in the course of the year, without ev[en] the hope of any future reproduction In r[e]turn for the capital which they advance[d] they obtained, indeed an annuity in the pub[lic] funds in most cases of more than equa[l] value This annuity, no doubt replaced t[o] them their capital, and enabled them t[o] carry on their trade and business to the same or perhaps to a greater extent than before that is, they were enabled either to borrow of other people a new capital upon the credit of th[illegible]

[illegible] to government. This new capital howeve[r] which they in this manner either bought o[r] borrowed of other people must have exi[s]te[d] in the country before, and must have bee[n] employed, as all capitals are in maintaining productive labour When it came into the hands of those who had advanced their money to government, though it was in some respects a new capital to them it was not so to the country, but was only a capital withdrawn from certain employments in or der to be turned towards others Though it replaced to them what they had advanced to government, it did not replace it to the country Had they not advanced this capital to government there would have been in the country two capitals two portions of the annual produce instead of one employed in maintaining productive labour

When for defraying the expense of government a revenue is raised within the year from the produce of free or unmortgaged taxes a certain portion of the revenue of private people is only turned away from maintaining one species of unproductive labour towards maintaining another Some part of what they pay in those taxes might no doubt have been accumulated into capital and consequently employed in maintaining productive labour but the greater part would probably have been spent and consequently employed in maintaining unproductive labour The public expense however, when defrayed in this manner no doubt hinders more or less the further accumulation of new capital but it does not necessarily occasion the destruction of any actually existing capital

When the public expense is defrayed by funding it is defrayed by the annual destruc-

[1] It has proved more expensive than any of our former wars and has involved us in an additional debt of more than one hundred millions During a profound peace of eleven years little more than ten millions of debt was paid during a war of seven years more than one hundred millions was contracted

tion of some capital which had before existed in the country by the perversion of some portion of the annual produce which had before been destined for the maintenance of productive labour towards that of unproductive labour As in this case however, the taxes are lighter than they would have been had a revenue sufficient for defraying the same expense been raised within the year, the private revenue of individuals is necessarily less burdened and consequently their ability to save and accumulate some part of that revenue into capital is a good deal less impaired If the method of funding destroys more old capital, it at the same time hinders less the accumulation or acquisition of new capital than that of defraying the public expense by a revenue raised within the year Under the system of funding the frugality and industry of private people can more easily repair the breaches which the waste and extravagance of government may occasionally make in the general capital of the society

It is only during the continuance of war however that the system of funding has this advantage over the other system Were the expense of war to be defrayed always by a revenue raised within the year, the taxes from which that extraordinary revenue was drawn would last no longer than the war The ability of private people to accumulate, though less during the war would have been greater during the peace than under the system of funding War would not necessarily have occasioned the destruction of any old capitals and peace would have occasioned the accumulation of many more new Wars would in general be more speedily concluded and less wantonly undertaken The people feeling during the continuance of the war the complete burden of it would soon grow weary of it and government in order to humour them would not be under the necessity of carrying it on longer than it was necessary to do so The foresight of the

ability of private people to accumulate was

of funding

When funding besides has made a certain

would in time of war The peace revenue of Great Britain amounts at present to more than ten millions a year If free and un

habitants of Great Britain is at present as much encumbered in time of peace their ability to accumulate is as much impaired as it would have been in the time of the most expensive war had the pernicious system of funding never been adopted

In the payment of the interest of the pub

is transferred to another and the nation is not a farthing the poorer This apology is founded altogether in the sophistry of the mercantile system, and after the long examination which I have already bestowed upon

the inhabitants of the country it would not upon that account be less pernicious

ment of those two original sources of revenue belong to two different sets of people the proprietors of land and the owners or em

the country must necessarily decline

When, by different taxes upon the necessaries and conveniences of life, the owners and employers of capital stock find that whatever revenue they derive from it will not, in a particular country, purchase the same quantity of those necessaries and conveniences which an equal revenue would in almost any other, they will be disposed to remove to some other And when, in order to raise those taxes, all or the greater part of merchants and manufacturers that is, all or the greater part of the employers of great capitals, come to be continually exposed to the mortifying and vexatious visits of the tax gatherers, the disposition to remove will soon be changed into an actual removal The industry of the country will necessarily fall with the removal of the capital which supported it, and the ruin of trade and manufactures will follow the declension of agriculture

To transfer from the owners of those two great sources of revenue land and capital stock, from the persons immediately interested in the good condition of every particular portion of land, and in the good management of every particular portion of capital stock, to another set of persons (the creditors of the public who have no such particular interest) the greater part of the revenue arising from either must in the long run, occasion both the neglect of land and the

lands and in the good management of its capital stock Should there be any general failure or declension in any of these things, the produce of the different taxes might no longer be sufficient to pay him the annuity or interest which is due to him But a creditor of the public considered merely as such, has no interest in the good condition of any particular portion of land or in the good management of any particular portion of capital stock As a creditor of the public he has no knowledge of any such particular portion He has no inspection of it He can have no care about it Its ruin may in some cases be unknown to him and cannot directly affect him

The practice of funding has gradually enfeebled every state which has adopted it The Italian republics seem to have begun it Genoa and Venice, the only two remaining which can pretend to an independent existence have both been enfeebled by it Spain seems to have learned the practice from the Italian republics, and (its taxes being probably less judicious than theirs) it has in pro-

hundred years before England owed a shilling France notwithstanding all its natural resources, languishes under an oppressive load of the same kind The republic of the United Provinces is as much enfeebled by its debts as either Genoa or Venice Is it likely that in Great Britain alone a practice which has brought either weakness or desolation into every other country should prove altogether innocent?

The system of taxation established in those different countries it may be said is inferior to that of England I believe it is so. But it ought to be remembered that when the wisest government has exhausted all the proper subjects of taxation, it must, in cases of urgent necessity, have recourse to improper ones The wise republic of Holland has upon some occasions been obliged to have recourse to taxes as inconvenient as the greater part of those of Spain Another war begun before any considerable liberation of the public revenue had been brought about and growing in its progress as expensive as the last war may from irresistible necessity, render the British system of taxation as oppressive as that of Holland, or even as that of Spain To the honour of our present system of taxation in

good conduct of individuals se

been able by saving and accumulation to repair all the breaches which the waste and extravagance of government had made in the general capital of the society At the conclusion of the late war, the most expensive that Great Britain ever waged her agriculture was as flourishing her manufacturers as numerous and as fully employed and her commerce as extensive as they had ever been before The capital therefore which supported all those different branches of industry must have been equal to what it had ever been before Since the peace, agriculture has been still further improved the rents of houses have risen in every town and village of the country—a proof of the increasing wealth and revenue of the people and the annual amount of the greater part of the old taxes of the principal branches of the excise and customs in particular has been continually increasing —an equally clear proof of an increasing consumption and consequently of an increasing produce which could alone support that consumption Great Britain seems to support with ease a burden which half a century ago nobody believed her capable of support

ing Let us not, however, upon this account rashly conclude that she is capable of supporting any burden, nor even be too confident that she could support, without great distress, a burden a little greater than what has already been laid upon her

When national debts have once been ac [illegible]

under the appearance of a pretended payment If a sixpence, for example should either by Act of Parliament or Royal Proclamation be raised to the denomination of a shilling [illegible]

debt of about a hundred and twenty-eight millions nearly the capital of the funded and unfunded debt of Great Britain might in this manner be paid with about sixty four millions of our present money It would indeed [illegible]

public, and those of every private person would suffer a proportionable loss and this without any advantage but in most cases [illegible]

of [illegible]

and [illegible]

[illegible] pensate their loss by paying their creditors in the same coin in which the public had [illegible]

[illegible] payment of this [illegible] instead of alleviating aggravates in most cases the loss of the creditors of the public and without any advantage to the public extends the calamity to a great number of other innocent people It occasions a general and most pernicious subversion of the fortunes of private people enriching in most cases the idle and profuse debtor at the expence of the industrious and frugal creditor, and transporting a great part of the national capital from the hands which were likely to increase and improve it to those which are likely to dissipate and destroy it When it becomes necessary for a state to declare itself bankrupt in the same manner as when it becomes necessary for an individual to do so a fair, open, and avowed bankruptcy is always the measure which is both least dishonourable to the debtor and least hurtful to the creditor The honour of a state is surely very poorly provided for when, in order to cover the disgrace of a real bankruptcy, it has recourse to a juggling trick of this kind so easily seen through, and at the same time so extremely pernicious

Almost all states however, ancient as well as modern when reduced to this necessity have upon some occasions played this very juggling trick The Romans at the end of the first Punic war, reduced the As the coin or denomination by which they computed the *value of all their other coins, from containing* twelve ounces of copper to contain only two ounces that is they raised two ounces of copper to a denomination which had always [illegible]

[illegible] So sudden and so great a bankruptcy, we should in the present times be apt to imagine must have occasioned a very violent popular clamour It does not appear to have occasioned any The law which enacted it was, like all other laws relating to the coin introduced and carried through the assembly of [illegible]

in order to secure their votes at the annual elections used to lend them money at exorbitant interest which being never paid [illegible]

[illegible] the occasional [illegible] of corn which were ordered by the senate were the principal funds from which during the latter times of the Roman republic the poorer citizens derived *their subsistence To deliver them* [illegible]

plete acquittance upon paying only a certain proportion of their accumulated debts The law which reduced the coin of all denominations to a sixth part of its former value as it enabled them to pay their debts with a sixth part of what they really owed, was equivalent to the most advantageous New Tables In order to satisfy the people the rich and the great were, upon several differ-

son, and partly that, by liberating the public revenue, they might restore vigour to that government of which they themselves had the principal direction An operation of this kind would at once reduce a debt of a hundred and twenty-eight millions to twenty-one millions three hundred and thirty three thousand three hundred and thirty three pounds six shillings and eightpence In the course of the second Punic war the As was still further reduced first, from two ounces of copper to one ounce, and afterwards from one ounce to half an ounce, that is to the twenty fourth part of its original value By combining the three Roman operations into one a debt of a hundred and twenty-eight millions of our present money might in this manner be reduced all at once to a debt of five millions

By means of such expedients the coin of, I believe, all nations has been gradually reduced more and more below its original value and the same nominal sum has been gradually brought to contain a smaller and a smaller quantity of silver

Nations have sometimes for the same purpose, adulterated the standard of their coin that is have mixed a greater quantity of alloy in it If in the pound weight of our silver coin for example instead of eighteen pennyweight according to the present standard there was mixed eight ounces of alloy a pound sterling or twenty shillings of such coin would be worth little more than six

...nt money
six shil
it money

would thus be raised very nearly to the denomination of a pound sterling The adulteration of the standard has exactly the same effect with what the French call an augmentation or a direct raising of the denomination of the coin

An augmentation, or a direct raising of the coin, always is, and from its nature must be, an open and avowed operation By means of it pieces of a smaller weight and bulk are called by the same name which had before been given to pieces of a greater weight and bulk The adulteration of the standard on the contrary, has generally been a concealed operation By means of it pieces were issued from the mint of the same denominations, and as nearly as could be contrived of the same weight, bulk, and appearance with pieces which had been current before of much greater value When King John of France[1] in order to pay his debts adulterated his coin, all the officers of his mint were sworn to secrecy Both operations are unjust. But a simple augmentation is an injustice of open violence, whereas the adulteration is an injustice of treacherous fraud This latter operation therefore as soon as it has been discovered and it could never be concealed

fineness It has scarce ever happened th the fury and indignation of the people cou otherwise be appeased

In the end of the reign of Henry VIII an in the beginning of that of Edward VI th English coin was not only raised in its de nomination but adulterated in its standar The like frauds were practised in Scotlan during the minority of James VI They hav occasionally been practised in most othe countries

That the public revenue of Great Britai can never be completely liberated or eve that any considerable progress can ever b made towards that liberation while the sur plus of that revenue or what is over an above defraying the annual expense of th peace establishment is so very small it seem altogether in vain to expect That liberation it is evident, can never be brought abou without either some very considerable aug mentation of the public revenue or som equally considerable reduction of the publi expense

A more equal land tax a more equal ta upon the rent of houses and such alteration in the present system of customs and excise as those which have been mentioned in the

considerable augmentation of revenue the most sanguine projector however could scarce

[1] See Du Cange *Glossary* s v "moneta", the Benedictine edition

peace as either to prevent or to compensate the further accumulation of the public debt in the next war

By extending the British system of taxation to all the different provinces of the empire inhabited by people of either British or European extraction a much greater augmentation of revenue might be expected This however could scarce perhaps be done consistently with the principles of the British constitution, without admitting into the British Parliament, or if you will into the states general of the British empire, a fair and equal representation of all those different provinces that of each province bearing the same proportion to the produce of its taxes as the representation of Great Britain might bear to the produce of the taxes levied upon Great Britain The private interest of many powerful individuals the confirmed prejudices of great bodies of people seem, indeed, at present, to oppose to so great a change such obstacles as it may be very difficult, *perhaps altogether impossible to surmount* Without however, pretending to determine whether such a union be practicable or impracticable, it may not, perhaps be improper, in a speculative work of this kind to consider how far the British system of taxation might be applicable to all the different provinces of the empire what revenue might be expected from it if so applied and in what *manner a general union of this kind might* be likely to affect the happiness and prosperity of the different provinces comprehended with in it Such a speculation can at worst be regarded but as a new Utopia less amusing certainly, but not more useless and chimerical than the old one

The land tax the stamp-duties and the different duties of customs and excise constitute the four principal branches of the British taxes

Ireland is certainly as able and our American and West Indian plantations more able to pay a land tax than Great Britain Where *the landlord is subject neither* to tithe nor poor rate he must certainly be more able to pay such a tax than where he is subject to both those other burdens The tithe, where there is no modus and where it is

in most cases to amount to more than a fourth part of the real rent of the land, or of what remains after replacing completely the capital of the farmer, together with his reasonable profit If all moduses and all impropriations were taken away the complete church tithe of Great Britain and Ireland *could not well be estimated at less than six* or seven millions If there was no tithe either in Great Britain or Ireland the land

therefore very well a form to pay a land tax The lands in America and the West Indies indeed are in general not tenanted nor leased out to farmers They could not therefore be assessed according to any rent roll But neither were the lands of Great Britain in the 4th of William and Mary, assessed according *to any rent roll*, but according to a very loose and inaccurate estimation The lands in America might be assessed either in the same manner, or according to an equi

Stamp duties it is evident might be levied

straints which at present oppress the trade of Ireland the distinction between the enumerated and non-enumerated commodities of America would be entirely at an end The *countries north of Cape Finisterre would be* as open to every part of the produce of America as those south of that Cape are to some parts of that produce at present The trade between all the different parts of the British empire would in consequence of this uniformity in the custom house laws be as free as the coasting trade of Great Britain is at present The British empire would thus afford within itself an immense internal market for every part of the produce of all its

customs

The excise is the only part of the British system of taxation which would require to varied in any respect according as applied to the different provinces

pire It might be applied to Ireland without any variation the produce and consumption of that kingdom being exactly of the same nature with those of Great Britain In its application to America and the West Indies, of which the produce and consumption are so very different from those of Great Britain, some modification might be necessary in the same manner as in its application to the cyder and beer counties of England

A fermented liquor, for example, which is called beer, but which as it is made of molasses, bears very little resemblance to our beer, makes a considerable part of the common drink of the people in America This liquor, as it can be kept only for a few days, cannot, like our beer, be prepared and stored up for sale in great breweries but every private family must brew it for their own use, in the same manner as they cook their victuals But to subject every private family to the odious visits and examination of the tax gatherers, in the same manner as we subject the keepers of alehouses and the brewers for public sale, would be altogether inconsistent with liberty If for the sake of equality it was thought necessary to lay a tax upon this liquor, it might be taxed by taxing the material of which it is made, either at the place of manufacture, or, if the circumstances of the trade rendered such an excise improper, by laying a duty upon its importation into the colony in which it was to be consumed Besides the duty of one penny a gallon imposed by the British Parliament upon the importation of molasses into America there is a provincial tax of this kind upon their importation into Massachusetts Bay, in ships belonging to any other colony, of eightpence the hogshead and another upon their importation from the northern colonies into South Carolina, of fivepence the gallon Or if neither of these methods was found convenient each family might compound for its consumption of this liquor either according to the number of persons of which it consisted in the same manner as private families compound for the malt tax in England or according to the different ages and sexes of those persons in the same manner as several different taxes are levied in Holland or nearly as Sir Matthew Decker proposes that all taxes upon consumable commodities should be levied in England This mode of taxation, it has already been observed, when applied to objects of a speedy consumption is not a very convenient one It might be adopted however, in cases where no better could be done

sumption and which are therefore extremely proper subjects of taxation If a union with the colonies were to take place, those commodities might be taxed either before they go out of the hands of the manufacturer or grower, or if this mode of taxation did not suit the circumstances of those persons they might be deposited in public warehouses both at the place of manufacture and at all the different ports of the empire to which they might afterwards be transported to remain there, under the joint custody of the owner and the revenue officer till such time as they should be delivered out either to the consumer, to the merchant retailer for home consumption or to the merchant exporter, the tax not to be advanced till such delivery When delivered out for exportation to go duty free upon proper security being given that they should really be exported out of the empire These are perhaps the principal commodities with regard to which a union with the colonies might require some considerable change in the present system of British taxation

What might be the amount of the revenue which this system of taxation extended to all the different provinces of the empire might produce, it must, no doubt, be altogether impossible to ascertain with tolerable exactness. By means of this system there is annually levied in Great Britain upon less than eight millions of people, more than ten millions of revenue Ireland contains more than two millions of people, and according to the accounts laid before the congress the twelve associated provinces of America contain more than three Those accounts however may have been exaggerated in order, perhaps either [illegible]

British empire in Europe and America contains no more than thirteen millions of in[illegible]

to raise a revenue of more than sixteen [illegible]

[illegible] the expense [illegible]

thing less than seven hundred and fifty thou[illegible]

sand pounds a year By a very exact account of the revenue of the principal colonies of America and the West Indies it amounted, before the commencement of the present disturbances to a hundred and forty-one thousand eight hundred pounds In this account however the revenue of Maryland, of North Carolina, and of all our late acquisitions both upon the continent and in the islands is omitted which may perhaps make a difference of thirty or forty thousand pounds For the sake of even numbers, therefore, let us suppose that the revenue necessary for supporting the civil government of Ireland and the plantations may amount to a million There would remain consequently a revenue of fifteen millions two hundred and fifty thousand pounds to be applied towards defraying the general expense of the empire and towards paying the public debt But if from the present revenue of Great Britain a million could in peaceable times be spared towards the payment of that debt, six millions two hundred and fifty thousand pounds could very well be spared from this improved revenue This great sinking fund too might be augmented every year by the interest of the debt which had been discharged the year before and might in this manner increase so very rapidly as to be sufficient in a few years to discharge the whole debt and thus to restore completely the at present debilitated and languishing vigour of the empire In the meantime the people might be relieved from some of the most burdensome taxes from those which are imposed either upon the necessaries of life or upon the materials of manufacture The labouring poor would thus be enabled to live better to work cheaper, and to send their goods cheaper to market The cheapness of their goods would increase the demand for them and consequently for the labour of those who produced them This increase in the demand for labour would both increase the numbers and improve the circumstances of the labouring poor Their consumption would increase and together with it the revenue arising from all those articles of their consumption upon which the taxes might be allowed to remain

The revenue arising from this system of taxation however might not immediately increase in proportion to the number of people who were subjected to it Great indulgence would for some time be due to those provinces of the empire which were thus subjected to burdens to which they had not before been accustomed and even when the same taxes came to be levied everywhere as exactly as possible they would not everywhere produce a revenue proportioned to the numbers of the people In a poor country the consumption of the principal commodities subject to the duties of customs and excise is very small, and in a thinly inhabited country the opportunities of smuggling are very great The consumption of malt liquors among the inferior ranks of people in Scotland is very small and the excise upon malt, beer, and ale produces less there than in England in proportion to the numbers of the people and the rate of the duties, which upon malt is different on account of a supposed difference of quality In these particular branches of the excise there is not, I apprehend much more smuggling in the one country than in the other The duties upon the distillery, and the greater part of the duties of customs in proportion to the numbers of people in the respective countries produce less in Scotland than in England not only on account of the smaller consumption of the taxed commodities but of the much greater facility of smuggling In Ireland the inferior ranks of people are still poorer than in Scotland, and many parts of the country are almost as thinly inhabited In Ireland therefore the consumption of the taxed commodities might in proportion to the number of the people be still less than Scotland and the facility of smuggling nearly the same In America and the West Indies the white people even of the lowest rank are in much better circumstances than those of the same rank in England and their consumption of all the luxuries in which they usually indulge themselves is probably much greater The blacks indeed who make the greater part of the inhabitants both of the southern colonies upon the continent and of the West India islands as they are in a state of slavery are no doubt in a worse condition than the poorest people either in Scotland or Ireland We must not, however, upon that account imagine that they are worse fed or that their consumption of articles which might be subjected to moderate duties is less than that even of the lower ranks of people in England In order that they may work well it is the interest of their master that they should be fed well and kept in good heart in the same manner as it is his interest that his working cattle should be so The blacks accordingly have almost everywhere their allowance of rum and molasses or spruce beer in the same manner as the white servants and this allowance would not probably be withdrawn though those articles should be subjected to moderate duties The consumption of the taxed commodities therefore, in proportion to the number of inhabitants, would probably be as great in America and the West Indies as in any part of the British empire The opportunities of smuggling indeed would be much greater America in proportion to the extent of the coun-

try, being much more thinly inhabited than either Scotland or Ireland If the revenue however, which is at present raised by the different duties upon malt and malt liquors

of customs, instead of being imposed upon almost all the different articles of importation were confined to a few of the most general use and consumption, and if the levying of those duties were subjected to the excise laws, the opportunity of smuggling though not so entirely taken away, would be very much diminished In consequence of those

ly inhabited province as they do at present in proportion to that of the most populous

The Americans, it has been said, indeed have no gold or silver money the interior commerce of the country being carried on by *a paper currency, and the gold and silver* which occasionally come among them being all sent to Great Britain in return for the commodities which they receive from us But without gold and silver it is added there is no possibility of paying taxes We already get all the gold and silver which they have How is it possible to draw from them what *they have not?*

The present scarcity of gold and silver money in America is not the effect of the poverty of that country or of the inability of the people there to purchase those metals In a country where the wages of labour are so *much higher* and the price of provisions so much lower than in England the greater part of the people must surely have wherewithal to purchase a *greater quantity if it* were either necessary or convenient for them to do so The scarcity of those metals therefore must be the effect of choice and not of necessity

It is for transacting either domestic or foreign business that gold and silver money is either necessary or convenient

The domestic business of *every country,* it has been shown in the second book of this Inquiry, may, at least in peaceable times be transacted by means of a paper currency with nearly the same degree of conveniency as by gold and silver money It is convenient for the Americans who could always employ with profit in the improvement of their lands a greater stock than they can easily get to save as much as possible the expense of so costly an instrument of commerce as gold and silver, and rather to employ that part of their surplus produce which would be neces-

tions in purchasing not dead stock but active and productive stock The *colony governments* find it for their interest to supply the people with such a quantity of paper money as is *fully sufficient* and *generally* more th

mestic

that of

revenue

their subjects at an interest of so much per cent Others, like that of Massachusetts Bay advance upon extraordinary emergencies a paper money of this kind for defraying the

bills had been granted It suits the conveniency of the planters to save the expense of employing gold and silver money in their domestic transactions and *it suits* the conveniency of the colony governments to supply them with a medium which though attended with some very *considerable* disadvantages, enables them to save that expense The redundancy of paper money necessarily banishes gold and silver *from* the domestic transactions of the colonies for the same reason that it has banished those metals from the greater part of the domestic transactions in Scotland and in both countries it is not the poverty, but the enterprising and projecting spirit of the people their desire of employing all the stock which they can get as active and *productive stock* which has *occasioned* this redundancy of paper money

In the exterior commerce which the different colonies *carry* on with Great Britain gold and silver are more or less employed

r less

eces

are

In the commerce between Great *Britain* and the tobacco colonies the British *goods* are generally advanced to the colonists at a pretty long credit and are afterwards paid for in tobacco rated at a certain price *It is* more convenient for the colonists to pay in tobacco than in gold and silver It would be more convenient for any merchant to pay for the goods which his correspondents had sold

[1] See Hutchinson's *History of Massachusetts Bay* vol ii p 436 *et seq*

to him in some other sort of goods which he might happen to deal in than in money Such a merchant would have no occasion to keep any part of his stock by him unemployed and in ready money, for answering occasional demands He could have at all times a larger quantity of goods in his shop or warehouse and he could deal to a greater extent But it seldom happens to be convenient for all the correspondents of a merchant to receive payment for the goods which they sell to him in goods of some other kind which he happens to deal in The British merchants who trade to Virginia and Maryland happen to be a particular set of correspondents to whom it is more convenient to receive payment for the goods which they sell to those colonies in tobacco than in gold and silver They expect to make a profit by the sale of the tobacco They could make none by that of the gold and silver Gold and silver therefore very seldom appear in the commerce between Great Britain and the tobacco colonies Maryland and Virginia have as little occasion for those metals in their foreign as in their domestic commerce They are said accordingly to have less gold and silver money than any other colonies in America They are reckoned however as thriving and consequently as rich as any of their neighbours

In the northern colonies Pennsylvania New York, New Jersey the four governments of New England etc the value of their own produce which they export to Great Britain is not equal to that of the manufactures which they import for their own use and for that of some of the other colonies to which they are the carriers A balance therefore must be paid to the mother country in gold and silver and this balance they generally find

In the sugar colonies the value of the produce annually exported to Great Britain is much greater than that of all the goods imported from thence If the sugar and rum annually sent to the mother country were paid for in those colonies Great Britain would be obliged to send out every year a very large balance in money and the trade to the West Indies would by a certain species of politicians be considered as extremely disadvantageous But it so happens that many of the principal proprietors of the sugar plantations reside in Great Britain Their rents are remitted to them in sugar and rum the produce of their estates. The sugar and rum which the West India merchants purchase in those colonies upon their own account are not equal in value to the goods which they annually sell there A balance therefore must necessarily be paid to them in gold and silver and this balance too is generally found

The difficulty and irregularity of payment from the different colonies to Great Britain have not been at all in proportion to the greatness or smallness of the balances which were respectively due from them. Payments have in general been more regular from the northern than from the tobacco colonies though the former have generally paid a pretty large balance in money while the latter have either paid no balance or a much smaller one The difficulty of getting payment from our different sugar colonies has been greater or less in proportion not so much to the extent of the balances respectively due from them as to the quantity of uncultivated land which they contained that is to the greater or smaller temptation which the planters have been under of overtrading or of undertaking the settlement and plantation of greater quantities of waste land than suited the extent of their capitals The returns from the great island of Jamaica, where there is still much uncultivated land have, upon this account been in general more irregular and uncertain than those from the smaller islands of Barbadoes Antigua and St Christophers which have for these many years been completely cultivated and have, upon that account afforded less field for the speculations of the planter The new acquisitions of Grenada Tobago St Vincents and Dominica have opened a new field for speculations of this kind and the returns from those islands have of late been as irregular and uncertain as those from the great island of Jamaica

It is not therefore the poverty of the colonies which occasions in the greater part of them the present scarcity of gold and silver money Their great demand for active and productive stock makes it convenient for them to have as little dead stock as possible and disposes them upon that account to content themselves with a cheaper though less commodious instrument of commerce than gold and silver They are thereby enabled to convert the value of that gold and silver into the instruments of trade into the materials of clothing into household furniture and into the ironwork necessary for building and extending their settlements and plantations In those branches of business which cannot be transacted without gold and silver money it appears that they can always find the necessary quantity of those metals and if they frequently do not find it their failure is generally the effect not of their necessary poverty but of their unnecessary and excessive enterprise It is not because they
their payments are irregular and ur
but because they are too eager to
cessively rich Though all that

produce of the colony taxes which was over and above what was necessary for defraying the expense of their own civil and military establishments were to be remitted to Great Britain in gold and silver the colonies have abundantly wherewithal to purchase the requisite quantity of those metals They would in this case be obliged indeed to exchange a part of their surplus produce with which they now purchase active and productive stock for dead stock In transacting their domestic business they would be obliged to employ a costly instead of a cheap instrument of commerce and the expense of purchasing this costly instrument might damp somewhat the vivacity and ardour of their excessive enterprise in the improvement of land It might not however be necessary to remit any part of the American revenue in gold and silver It might be remitted in bills drawn upon and accepted by particular merchants or companies in Great Britain to whom a part of the surplus produce of America had been consigned who would pay into the treasury the American revenue in money after having themselves received the value of it in goods and the whole business might frequently be transacted without exporting a single ounce of gold or silver from America

It is not contrary to justice that both Ireland and America should contribute towards the discharge of the public debt of Great Britain That debt has been contracted in support of the government established by the Revolution a government to which the Protestants of Ireland owe, not only the whole authority which they at present enjoy in their own country but every security which they possess for their liberty their property and their religion a government to which several of the colonies of America owe their present charters and consequently their present constitution and to which all the colonies of America owe the liberty security and property which they have ever since enjoyed That public debt has been contracted in the defence not of Great Britain alone but of all the different provinces of the empire the immense debt contracted in the late war in particular and a great part of that contracted in the war before were both properly contracted in defence of America

By a union with Great Britain Ireland would gain besides the freedom of trade other advantages much more important and which would much more than compensate any increase of taxes that might accompany that union By the union with England the middling and inferior ranks of people in Scotland gained a complete deliverance from the power of an aristocracy which had always before oppressed them By a union with Great Britain the greater part of the people of all ranks in Ireland would gain an equally complete deliverance from a much more oppressive aristocracy an aristocracy not founded like that of Scotland in the natural and respectable distinctions of birth and fortune but in the most odious of all distinctions those of religious and political prejudices distinctions which more than any other animate both the insolence of the oppressors and the hatred and indignation of the oppressed and which commonly render the inhabitants of the same country more hostile to one another than those of different countries ever are Without a union with Great Britain the inhabitants of Ireland are not likely for many ages to consider themselves as one people

No oppressive aristocracy has ever prevailed in the colonies Even they however would in point of happiness and tranquility gain considerably by a union with Great Britain It would at least deliver them from those rancorous and virulent factions which are inseparable from small democracies, and which have so frequently divided the affections of their people and disturbed the tranquility of their governments in their form so nearly democratical In the case of a total separation from Great Britain which unless prevented by a union of this kind seems very likely to take place those factions would be ten times more virulent than ever Before the commencement of the present disturbances the coercive power of the mother country had always been able to restrain those factions from breaking out into anything worse than gross brutality and insult If that coercive power were entirely taken away they would probably soon break out into open violence and bloodshed In all great countries which are united under one uniform government the spirit of party commonly prevails less in the remote provinces than in the centre of the empire The distance of those provinces from the capital from the principal seat of the great scramble of faction and ambition makes them enter less into the views of any of the contending parties and renders them more indifferent and impartial spectators of the conduct of all The spirit of party prevails less in Scotland than in England In the case of a union it would probably prevail less in Ireland than in Scotland and the colonies would probably soon enjoy a degree of concord and unanimity at present unknown in any part of the British empire Both Ireland and the colonies indeed would be subjected to heavier taxes than any which they at present pay In consequence however of a diligent and faithful application of the public revenue towards the discharge of the national debt the greater part of those taxes might

Appendix

THE two following accounts are subjoined in order to illustrate and confirm what is said in the fifth chapter of the fourth book, concerning the tonnage bounty to the white herring fishery The reader, I believe, may depend upon the accuracy of both accounts

An account of Busses fitted out in Scotland for Eleven Years with the Number of Empty Barrels carried out, and the Number of Barrels of Herrings caught, also the Bounty at a Medium on each Barrel of Seasteeks, and on each Barrel when fully packed

Years	Number of Busses	Empty Barrels carried out	Barrels of Herrings caught	Bounty paid on the Busses		
				£	s	d
1771	29	5948	2832	2085	0	0
1772	168	41316	22237	11055	7	6
1773	190	42333	42055	12510	8	6
1774	248	59303	56365	10952	2	6
1775	275	69144	52879	19315	15	0
1776	294	76329	51863	21290	7	6
1777	240	69679	43313	17592	2	6
1778	220	56390	40958	16316	2	6
1779	206	55194	29367	15987	0	0
1780	181	48315	19885	13445	12	6
1781	135	33992	16593	9613	12	6
Total	2186	550943	378347	155463	11	0

Seasteeks	378 347	Bounty at a medium for each barrel of seasteeks	£0 8	2¼
		But a barrel of seasteeks being only reckoned two-thirds of a barrel fully packed one third is deducted which brings the bounty to	£0 12	3¾
⅓ deducted	126 115⅔			
Barrels fully packed	252 231⅓			

And if the herrings are exported there is besides, a premium of	0	2	8
So that the bounty paid by Government in money for each barrel is	£0	14	11¾
But if to this the duty of the salt usually taken credit for as expended in curing each barrel which at a medium is of foreign one bushel and one fourth of a bushel, at 10s a bushel be added viz	0	12	6
The bounty on each barrel would amount to	£1	7	5¾

If the herrings are cured with British salt, it will stand thus, viz

	£	s	d
Bounty as before	£0	14	11¾
But if to this bounty the duty on two bushels of Scots salt at 1s 6d per bushel supposed to be the quantity at a medium used in curing each barrel is added, to wit	0	3	0
The bounty on each barrel will amount to	£0	17	11¾

And,

When buss herrings are entered for home consumption in Scotland and pay the shilling a barrel of duty, the bounty stands thus, to wit as before

	£	s	d
	£0	12	3¾
From which the 1s a barrel is to be deducted	0	1	0
	0	11	3¾
But to that there is to be added again the duty of the foreign salt used in curing a barrel of herrings viz	0	12	6
So that the premium allowed for each barrel of herrings entered for home consumption is	£1	3	9¾

If the herrings are cured with British salt, it will stand as follows, viz

	£	s	d
Bounty on each barrel brought in by the busses as above	£0	12	3¾
From which deduct the 1s a barrel paid at the time they are entered for home consumption	0	1	0
	£0	11	3
But if to the bounty the duty on two bushels of Scots salt at 1s 6d per bushel supposed to be the quantity at a medium used in curing each barrel is added to wit	0	3	0
The premium for each barrel entered for home consumption will be	£0	14	3¾

Though the loss of duties upon herrings exported cannot perhaps properly be considered as bounty, that upon herrings entered for home consumption certainly may

A[illegible] n Salt imported into Scotland, a[illegible] from the Works there for the F[illegible] the 5th of April 1782, with a [illegible] one Year

Period	Foreign Salt Imported	Scots Salt delivered from the Works
	Bushels	Bushels
From the 5th of April 1771 to the 5th of April 1782	936 974	168 226
Medium for one Year	85 179 5/11	15 293 3/11

It is to be observed that the Bushel of Foreign Salt weighs 84 lb that of British Salt 56 lb only

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(This index is the original index which appeared first in edition 3 with [in square brackets] additions by Edwin Cannan It covers only the text and the author s notes)